10th Anniversary of
"The End of History?"

THE NATIONAL INTEREST

Francis Fukuyama's
SECOND THOUGHTS

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Robin Fox, Robert J. Samuelson and Joseph S. Nye

Policing Utopia
Andrew J. Bacevich

China's Military: How Good?
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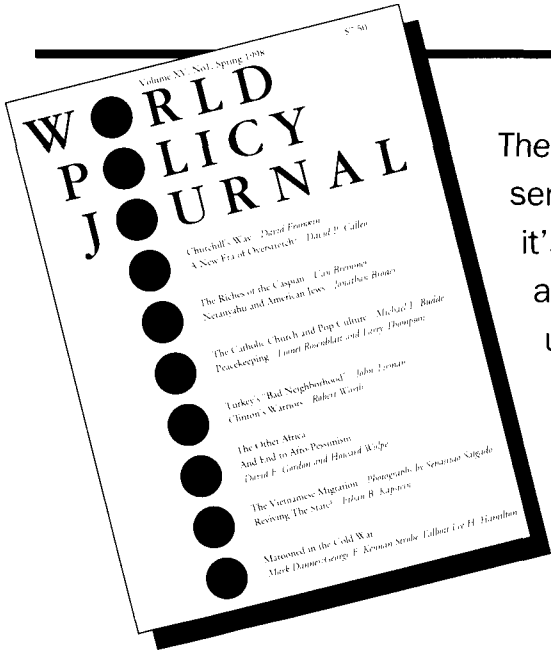

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Policing Utopia

The Military Imperatives of Globalization

Andrew J. Bacevich

COMING IN RAPID succession, three recent events—last August's cruise missile attacks against targets in Afghanistan and Sudan, the resumption in December 1998 of hostilities with Iraq, and the launching, after fits and starts, of this spring's air campaign against Yugoslavia—have cast in sharp relief the centrality of military power to present-day American policy. Offering the apparent prospect of clean, quick and affordable solutions to vexing problems, force has become the preferred instrument of American statecraft. The deployment of U.S. forces into harm's way, once thought to be fraught with hazard and certain to generate controversy, has become commonplace. The result has been the renewed, intensified—and perhaps irreversible—militarization of U.S. foreign policy.

For American military men and women, the ten years that have transpired since the fall of the Berlin Wall have been intensely busy. Notably, however, that decade has contained only a single incident that strictly qualifies as war. As that one brief conflict fades into memory, moreover, its own significance dwindles. Indeed, when the military history of the 1990s is written, the Persian Gulf War will appear as an oddity, not a harbinger of things to come but a grand martial convocation unlikely to be seen again any time soon.

Andrew J. Bacevich is professor of international relations at Boston University.

Today the prospect of major war appears increasingly remote. The very idea of armies clashing in battle has acquired a vaguely disreputable odor. These conditions have prompted the United States to seek new ways of exploiting its military preponderance.

The result has been a spectacular outburst of military activism—not campaigns and battles, but myriad experiments in peacemaking, peacekeeping and peace enforcement; the repeated use or threatened use of air power to warn, coerce or punish; and the employment of armed forces to bolster economic sanctions or to respond to anarchy, natural disaster and social disintegration. The prevailing fashion in operational code names tells the story: in contrast to the Torch, Husky and Overlord of yesteryear, today's warriors Deny Flight, Provide Comfort, Restore Hope, Uphold Democracy or, in Albania, offer sanctuary in an Allied Harbor.

Seldom does the assigned mission in such endeavors entail the pursuit of victory. Like battle, "victory" has become an anachronism. The object of the exercise is rarely to defeat an enemy. Rather, it is to convey disapproval, change attitudes and dictate behavior. Never especially comfortable with Clausewitz, Americans have gone him one better. Rejecting the dictum that war is a continuation of politics by other means, they have advanced the proposition that force is indistinguishable from politics. "Diplomacy and force are two sides of the same coin", President Bill Clinton declared in a speech at the

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National Defense University in January 1998.

This development is rich with irony. After all, the President who has made the flexing of American military muscle into a routine event was once thought to be uncomfortable with the use of force. In its early days, the Clinton administration acquired, and at times seemed to flaunt, a reputation for disdaining things military. Mr. Clinton's critics, including many professional officers, openly questioned his qualifications to command the armed forces. Yet if success in aligning military practice with his own conception of strategy is a measure of effectiveness, President Clinton has been the very model of a successful commander-in-chief. His achievement has been as extraordinary as it has been unanticipated. Yet the legacy of that achievement is likely to be pernicious.

The Clinton Doctrine

AT THE TIME of Bill Clinton's inauguration in 1993, when it came to committing U.S. troops abroad only the most naive—or the most daring—commander-in-chief would presume to disregard the dictates of the Weinberger-Powell doctrine. Drafted in November 1984 at the behest of the then-serving secretary of defense, the Weinberger doctrine established guidelines for considering how and under what circumstances the United States would resort to the use of force. The doctrine's thrust was negative; its aim, to avoid the disaster of another Vietnam. Its six tests codified the lessons of that war: send Americans to fight only when vital national interests are at stake; establish unambiguous military and political objectives; intervene "with the clear intention of winning"; undertake only those missions that have popular and congressional support; when conditions change, reassess the commitment; and finally, employ force only as a last resort. When Caspar Weinberger enunciated his doctrine, critics complained that it was too confining and inflexible. But once seemingly validated by the Persian Gulf War and endorsed by General Colin Powell at the height of his influence, it became dogma.

Less than a decade later, the Weinberger-Powell doctrine has vanished. Phrases common to military discourse as recently as the early 1990s—"overwhelming force", "exit strategy", "mission creep", and "criteria of success"—have virtually disappeared from our vocabulary. Gone too is the spirit of caution and restraint implicit in Weinberger's six tests.

To be sure, the stirrings of change predated the Clinton years. The process of breaking free of constraints inherited from Vietnam became evident during the second half of the Bush administration. It was George Bush who in the aftermath of Desert Storm committed U.S. forces to rescue the Kurds in northern Iraq. Bush also deployed American troops to Somalia in response to famine and chaos in that benighted country. In a now all but forgotten incident, Bush, on the verge of leaving office, cuffed Iraq with pinprick air attacks, that method henceforth to become something of an American military signature.

Having said that, the present administration can rightfully claim credit for translating such inklings into its own full-fledged doctrine for the use of force, superceding Secretary Weinberger's six tests. The key aspects of the Clinton doctrine—the pre-eminence assigned to casualty avoidance; the emphasis on holding collateral damage to an absolute minimum; the expectation that the very prospect of American military action will compel or persuade; the unseemly haste to declare even the most modest use (or threat) of force a roaring success—have been described elsewhere.[1] Yet to ascribe this wholesale abandonment of military orthodoxy to presidential amateurism, disdain for the counsel of defense experts, or even efforts to distract attention from scandal is to misunderstand and underestimate its true significance.

Any great power—especially a great one

[1] A.J. Bacevich and Lawrence F. Kaplan, "The Clinton Doctrine", *The Weekly Standard*, September 30, 1996.

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suddenly deprived of its traditional adversary—faces the perennial dilemma of showing a reasonable return on its costly military investments. The currency of that return is political utility. The Clinton doctrine reflects this administration's considered response to that enduring problem. In a much quoted remark to General Powell, Madeleine Albright, speaking in the early days of the Clinton presidency, cut to the heart of the matter: "What's the point of having this superb military that you're always talking about if we can't use it?"

Eagerness to "use" the military does not imply eagerness for war. On the contrary, in earnestly professing their devotion to peace, senior officials of the Clinton administration are being no less sincere than their predecessors. Yet in seeking to establish the *basis* for that peace, the temptation to capitalize on America's strong suit—military striking power—becomes well nigh irresistible. For Mr. Clinton and his advisers, a propensity for using means of coercion is not to be confused with being bellicose or with courting full-scale armed conflict. Attempting (without success) to drum up popular support for punishing Iraq during the February 1998 showdown with Saddam Hussein, Secretary of State Albright made the point explicitly in a speech at Tennessee State University. Critics who worried that the threatened U.S. air campaign might plunge the United States into a messy, protracted struggle just didn't get it. "We are talking about using military force, but we are not talking about a war", she snapped. "I think that is an important distinction." Through weeks of subjecting Serbia to daily, sustained bombing, the administration persisted in this distinction, insisting that the encounter between NATO and Yugoslavia did not really qualify as war.

Indeed, the distinction is central to the administration's military policy. War typically involves suffering, bloodshed and loss on a large scale. Waging war implies national sacrifice. War gives birth to unintended and unforeseen consequences. The horrific experience of this century suggests that war by its very nature is uncontrollable. Time and again, statesmen presuming to subordinate war to their own designs have instead seen their countries swept into the abyss. Europeans learned this over the course of two world wars. Americans learned it—at least for a time—in Vietnam.

Force, as conceived by the Clinton doctrine, obviates such concerns. The employment of force in precisely measured increments against carefully selected targets—preferably inanimate objects—precludes the prospect of slaughter. By capitalizing upon advanced technology to deliver ordnance from afar, targeting opponents that have little or no capability to retaliate, the United States minimizes the risk to its own forces. Expending American military power for limited and carefully (indeed, often publicly) delineated purposes while avoiding the prospect of anything resembling "combat" all but eliminates uncertainty.[2] And should errant missiles smash passenger trains, kill unlucky refugees or demolish the odd foreign legation, we express regret and expect that the victims will understand.

Why has the senior leadership of the armed forces gone along with a new paradigm that is so contrary to military conventions and so much at odds with previous American military experience? Certainly, General Powell's departure from the stage has been a crucial factor. Having invested the position of Joint Chiefs of Staff chairman with unprecedented authority, Powell wielded his influence to curb inclinations to stray from the Weinberger rules. Since Powell's retirement, the Clinton

[2]In essence, the Clinton doctrine employs military power as a billy club to bring petty criminals to heel. Gangsters—a shadowy nuclear threat like North Korea, for example—we prefer to buy off. Miscalculation on that score, as occurred in Somalia where President Clinton discovered that Mohamed Farah Aideed was a wilier than expected adversary, requires the United States to cut its losses and withdraw.

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administration has been careful to appoint successors who, whatever their virtues, possess little of Powell's charisma, independence and political savvy.

Nor, as an unanticipated product of reforms instituted in the 1980s, do the Joint Chiefs as a corporate body any longer possess the clout to obstruct White House initiatives. The intent of those reforms, embodied in the Goldwater-Nichols Act, was to sharpen the quality of military advice coming to the president. In elevating the JCS chairman to principal military adviser, Goldwater-Nichols diminished the role of the service chiefs. The result has been to simplify the problem of securing military acquiescence to the use of force. To get the military "on board", civilian policymakers need satisfy the concerns of a single individual, selected in part on the basis of his expected pliability. Today, the Clinton administration routinely bypasses the service chiefs in decisions relating to the use of force.[3]

It would be a mistake, however, to conclude that a Pentagon devoted to orthodoxy has been hoodwinked or browbeaten into accepting the new military order instituted by Bill Clinton. Whatever their misgivings about the President, senior military leaders themselves have been, to a remarkable extent, his willing collaborators. Faced with the looming prospect of diminished status, signified above all by the long, slow erosion in the level of defense spending, enterprising officers have welcomed new responsibilities. After all, in a world without great power adversaries, mere "defense" provides a flimsy justification for maintaining a military establishment with global reach and a global presence.

Thus, the Pentagon has worked diligently to erect a framework that accommodates and justifies the activities undertaken at the behest of the Clinton doctrine. Cutting-edge thinking now endorses a greatly expanded definition of the military's charter. Rather than simply defending the United States and its interests, it aims to sustain a level of military dominance that will forestall serious challenge. Rather than simply responding to crisis, it will anticipate crisis. Henceforth, the American military establishment will assert itself proactively to "shape" the international environment.

The Strategy of Globalization

IN EMBRACING such a broad, open-ended requirement, senior military officers have jettisoned principles of American military practice that until very recently seemed sacrosanct. Yet whatever the role of personalities, organizational arrangements and institutional interests in facilitating such a radical departure from past practice, the Clinton doctrine does possess at least one redeeming virtue: it is congruent with U.S. strategy. Indeed, the Clinton doctrine reflects an innovative (if deeply flawed) effort to bring military practice into conformity with the national strategy that the United States has evolved since the end of the Cold War.

The conditions of the post-Cold War era *permit* the United States to wield its military power freely. But the actual propensity to *use* force derives from a particular world-view that Mr. Clinton and his chief lieutenants have spelled out with some care. In this sense, the Clinton doctrine reflects and supports reigning strategic imperatives. However contrary to precepts of military orthodoxy, it constitutes a logical, almost inevitable, extension of this nation's strategic aspirations.

At the very heart of the Clinton administration's approach to strategy is the concept of globalization. As a rationale for the role of the United States in the world, "Globalization" today has become the functional equivalent of the phrase "Free World" during the 1950s and 1960s. It contains an important truth, but vastly oversimplifies that truth. It implies mysteries grasped fully only in the most rarified circles of government. It suggests the existence of oblig-

[3]Seymour M. Hersh, "The Missiles of August", *The New Yorker*, October 12, 1998; David A. Fulghum, "Military Chiefs Miffed By Lack of Oversight", *Aviation Week & Space Technology*, October 12, 1998.

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ations to which ordinary people must submit. It is a powerful instrument of persuasion, the rhetorical device of last resort, to which—not unlike "diversity" in the realm of domestic politics—there is no counter.

Globalization, according to senior administration officials, points ineluctably toward an international order whose chief characteristic will be "openness." As the President himself enthused in a 1996 address at George Washington University,

> The blocks, the barriers, the borders that defined the world for our parents and grandparents are giving way, with the help of a new generation of extraordinary technology. Every day millions of people use laptops, modems, CD-ROMs and satellites to send ideas, products and money all across the planet in seconds.

This removal of barriers and borders is a development of singular importance. As Sandy Berger, the President's national security adviser, has remarked, "We have experienced the emergence of a global economy and a cultural and intellectual global village." The priorities implicit in that statement are not accidental. The promise of globalization is first of all economic. An open, integrated world implies unprecedented opportunities for the creation of wealth. In its very essence, globalization heralds the enticing prospect of vast new and expanding markets.

Neither the Asian flu nor Russia's economic collapse nor narrowly averted financial disaster in Latin America can shake the administration's faith in the prospect of continuous market expansion. With good reason: the administration has convinced itself that expanding markets abroad is essential to sustaining American prosperity. The President himself has bluntly declared that "growth at home depends upon growth abroad." But there is more at stake here than mere economic considerations. Market expansion is not an opportunity; it is a necessity. Thus, for example, the administration's blueprint for *national security*—A National Security Strategy for a New Century, released in 1998—states categorically that "we must expand our international trade to sustain economic growth at home." Or, as Berger has remarked, explaining the imperative of finding new outlets for trade and investment, "You know, Willie Sutton said, that's why he went into banks. We have a mature market—we have to expand, we have to grow."

The drive to sustain domestic prosperity by creating a world that, in Madeleine Albright's words, is "open to our exports, investments, and ideas" is by no means unique to this administration. Enhancing openness has long been a central aim of American statecraft. In that sense, globalization offers a variation on a familiar theme. The distinctive features of that variation make it particularly useful as a rationale for U.S. policy after the Cold War. The supposed implacability with which the process advances conveys an aura of historical inevitability. Nations have little alternative but to conform to its demands. As Berger has remarked, "We cannot turn back the tides of globalization any more than King Knute [sic] could turn back the tides." Yet those demands derive not from any sly neo-imperial scheme, but from the apolitical factor of technology, above all the revolution in information technology. Although the chief proponent and leading beneficiary of globalization, the United States can insist that it is merely responding to circumstance rather than attempting to perpetuate American hegemony.

The Rule Maker

THE APPARENT inevitability of globalization would seem to permit the United States to relax, while NAFTA, the WTO and the APEC forum pry open new markets for American entrepreneurs to exploit. In fact, nothing is more likely to endanger the project than passivity on the part of the United States. Again as Secretary Albright explains, "What we've done is kind of open the whole system up." To function properly, a system based on the principle of openness must have

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some mechanism for maintaining order. Hence the urgent requirement, endlessly reiterated by administration officials, for continuing U.S. engagement in world affairs.

"America's place", Albright tells the Senate Foreign Relations Committee, "is at the center of this system." Indeed, belief that only the United States—the "indispensable nation"—can direct the system's operation is, in the Clinton administration and throughout the foreign policy elite, an article of faith. "If we do not provide international leadership", Deputy Secretary of State Strobe Talbott insists, "then there is no other country that can or will lead in our place as a constructive, positive influence." Or, as Albright has it, "the United States is kind of the organizing principal [sic] of the international system."

A properly functioning system requires rules. The ordained role of the United States is to impart to this emergent system the discipline and cohesion that will enable it to work. As the President explained last year, it lies in "helping to write the international rules of the road for the twenty-first century, protecting those who've joined the family of nations and isolating those who do not." As that comment suggests, adherence to the rules is not optional. "No nation, rich or poor, democratic or authoritarian, can escape the fundamental economic imperatives of the global market. No nation can escape its discipline. No nation can avoid its responsibility to do its part." During his visit to Moscow in September 1998, Mr. Clinton warned Russians that "There is no way out of playing by the rules of the international economy if you wish to be a part of it." Rule breakers undermine stability, the sine qua non of system effectiveness. "When you have stability", Defense Secretary William Cohen explained to an audience in Munich, Germany, "you have at least the opportunity to enjoy prosperity because investment flows. Business tends to follow the flag. When they find a secure environment, they will invest." Take away security and barriers go up, borders close and openness is lost. American influence and American prosperity suffer accordingly.

Alas, as has become increasingly apparent, not everyone is willing to play by the rules. Not everyone views what Berger describes as "the President's strategy for harnessing the forces of globalization for the benefit of the people of America and the world" as benign. Indeed, not everyone acknowledges even the desirability or the historical inevitability of globalization.

Further complicating matters is the fact that openness and the technological advances that sustain it create an environment conducive to those who are hostile to the enterprise. In a remark that has become a staple of administration thinking, Mr. Clinton noted in 1996 that "The forces of destruction find opportunity in the very openness, freedom and progress we cherish." As befits a system that is global in scope, the "forces of destruction" to which the President alludes are diverse and highly adaptive. They are all around us. "Twenty-first Century threats know no boundaries", according to Secretary Albright. No longer permitted the luxury of concentrating on a single powerful threat, as during the Cold War, the United States today must arm itself, in Albright's words, "against a viper's nest of perils." Those perils run the gamut from terror and international organized crime to rogue states and genocidal violence fueled by ethnic hatred. The access to advanced technology afforded by the open world means that even the smallest band of fanatics or computer hackers can wreak havoc. The integrated world's ever increasing dependence on information networks poses a particular vulnerability: as the President explains, "terrorists, criminals and hostile regimes could invade and paralyze these vital systems, disrupting commerce, threatening health, weakening our capacity to function in a crisis."[4]

In short, having prevailed in the Cold War, the United States finds itself not more secure, but less. With communism discredited

[4]Bill Clinton, Remarks by the President at the United States Naval Academy Commencement, Annapolis, MD, May 22, 1998.

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and with the Soviet Union having collapsed, American prosperity and well-being are now more precarious, held hostage to a world order that is susceptible to attack from any quarter at any time. That is the logic of globalization. That is our peace dividend.

Enforcing the Rules

WHEN President Clinton discussed the role of the United States in writing and enforcing the rules of the twenty-first century, he was speaking, appropriately enough, to an audience of military officers. The audience was appropriate because the President has designated the Department of Defense as chief enforcer. After only the barest hesitation, America's soldiers have signed on.

Their mission is primarily a constabulary one. Absent American military power, the system will break down and globalization will fail. Even a domestic dispute such as Kosovo, according to the President, forms part of "the great battle between the forces of integration and the forces of disintegration; the forces of globalism versus tribalism; of oppression against empowerment"—and therefore commands American attention.[5]

Any suggestion that the United States is not measuring up to its obligation to enforce the rules might call into question its claim to be the hub from which the spokes of the international system extend. Hence the appearance of American troops in all sorts of out-of-the-way locales, many of them hitherto remote from even the loosest definition of U.S. interests: periodic demonstrations of U.S. capability in places like Kuwait and Kazakhstan; emergency interventions to set things right in Somalia and Haiti; the establishment of quasi-permanent garrisons in Bosnia, Macedonia and the Persian Gulf; and the continuous dispatch of training missions and liaison teams throughout Latin America and the former Soviet bloc. Hence, too, the growing White House tendency to rely on the military "to initiate or lead its diplomacy in areas where the civilian foreign policy apparatus lacks access or resources"[6]—in Algeria and Yemen, for instance. Hence, finally, the periodic administering of punishment to signal U.S. displeasure with Serbs, Sudanese, Afghans and, of course, Saddam Hussein.

What are the implications of converting the U.S. military into a global constabulary? Until the latest unpleasantness in the Balkans, the Clinton administration viewed that question as inconsequential. After all, the role assigned to soldiers by the Clinton doctrine is intended to be a transitional one, pointing directly toward utopia. "Prosperity is a parent to peace", according to Secretary Albright. Then, too, "we know that democracy is a parent to peace."[7] Globalization promises to create wealth and to spread democracy. Q.E.D. Even in the near term, optimists like Albright look forward to the day when "more people in more nations will recognize their stake in abiding by the international rules of the road", thereby permitting U.S. troops a breather.

Based on recent events, skeptics may be forgiven for viewing such optimistic expectations as fanciful. Certainly Pentagon planners do not stay up nights worrying that globalization will put the Department of Defense out of business. On the contrary, they understand that pressing for an open world and enforcing its rules will generate a plethora of new military requirements. In the first decade of the post-Cold War era, with its myriad crises, interventions and emergency deployments, they have experienced this phenomenon at first hand. In a larger though barely acknowledged sense, that experience revalidates century-old military lessons derived from a time when the United States liberated (and occupied) Cuba

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[5]Remarks by the President to the American Society of Newspaper Editors, San Francisco, CA, April 15, 1999.

[6]Dana Priest, "With Military, U.S. Makes An Overture To Algeria", *Washington Post*, November 12, 1998.

[7]Albright, Confirmation Hearing, Washington, DC, January 8, 1997.

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and shouldered the responsibility for uplifting "Little Brown Brother" in the western Pacific. Crusades mean work for soldiers.

Full Spectrum Dominance

YET RATHER than acknowledging—and obliging its political masters to acknowledge—the inevitable consequences of enforcing conformity on a complex, dynamic and sometimes recalcitrant world, the military has fashioned a utopia of its own. Unmoved by visions of self-regulating peace and prosperity, the defense establishment seeks to stifle opposition to the American version of globalization by institutionalizing U.S. military supremacy. The Pentagon blueprint for the future, a document known as Joint Vision 2010, has established for itself a singularly grandiose goal: "the ability to win quickly and overwhelmingly across the entire range of operations, or in other words, Full Spectrum Dominance."[8] That full spectrum does not ignore conventional war and the threat posed by weapons of mass destruction. But it pays particular attention to the security agenda of the globalization project, now grouped under the rubric of "asymmetric threats"—terrorists, criminals, religious crazies, two-bit strongmen with big ambitions, anarchy-minded hackers and unscrupulous scientists peddling weapons secrets to make a buck.

The pursuit of Full Spectrum Dominance combines powerful elements of both nostalgia and romanticism. Retaining the idiom of combat and battle, it indulges the yearning of soldiers to maintain their traditional identity as warriors, essential if they are to preserve an autonomous sphere of military professional expertise. Yet, in the face of declining resources and taxing day-to-day operational requirements, it aspires to a level of mastery so absolute that the United States will henceforth *overawe* its adversaries, thereby rendering fighting as such unnecessary. The dominance to which Joint Vision 2010 aspires would exceed by an order of magnitude that which any of history's great empires has enjoyed. NATO's Balkan War of 1999, against a nation whose entire economic output barely equals one-sixteenth of what the United States spends on defense alone, shows just how elusive the quest for dominance is likely to be.

Both utopias—the coming final triumph of globalization and perpetual American military supremacy—share a common assumption. Political and military leaders alike take it for granted that the American people will balk at supporting an enterprise that entails real sacrifice. Therefore, in both instances, the architects of utopia insist that the United States can achieve its aspirations painlessly and without hard choices.

Diverted by gaudy prosperity and insulated from the moral and political ambiguities that accompany U.S. intrusions abroad, Americans have not questioned that dubious assumption. The psychic rewards of proclaiming ourselves Number One are too satisfying to forego. The habit of treating military operations like a spectator sport has become too deeply ingrained to permit questions about whom the missiles kill and what the killing achieves.

Announcing to a complacent public that U.S. forces, acting on his orders, had pelted Afghanistan and Sudan with cruise missiles, President Clinton offered his countrymen and the world the standard assurance that "the United States wants peace, not conflict." Indeed, the United States does seek peace. But it does so on specific terms. It insists that others the world over meet those terms.

From the eve of World War II through the Cold War, a motley crew of foreign policy critics, spanning from the Old Right to the New Left, predicted that embarking on crusades to remake the world invited disaster. They warned of the dangers of overextension. They fulminated against excessive influence

[8] As summarized by General Henry H. Shelton, General Graves B. Erskine Distinguished Lecture, Marine base at Quantico, VA, February 23, 1998.

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wielded by a "military-industrial complex." They accused presidents of abusing their authority and of undermining the Constitution. They worried that the United States, in becoming a global power wielding enormous military clout, would forfeit its political birthright. "America is not to be Rome or Britain", one among them, the historian Charles Beard, wrote in 1939. "It is to be America."

For their trouble, these critics were routinely denounced as cranks or worse. The center of the political spectrum, including a solid bipartisan majority of the foreign policy elite, rejected their concerns, insisting that the great threat and great evil posed by the likes of Hitler and Stalin necessitated great exertions.

For a time, it appeared that the center had won that argument on the merits. Now critics like Beard may yet have their day. As events in Kosovo and elsewhere lay bare the illusions of globalization and Full Spectrum Dominance, Americans will awake not to utopia, but to an unruly world in which the United States has assumed vast burdens not easily shed. In all likelihood, we will have persuaded ourselves—perhaps we have already—that the imperial role signified by those responsibilities and the military power maintained to execute them have become integral not only to our well-being but also to our identity. Denying adamantly that it was ever our intention, America will have become Rome. □

Why "Peace" Is Not a Policy

In the fifteen years after the first world war, every Great Power (except, perhaps, Italy) repeatedly did lip-service to the doctrine by declaring peace to be one of the main objects of its policy. But as Lenin observed long ago, peace in itself is a meaningless aim. "Absolutely everybody is in favour of peace in general", he wrote in 1915, "including Kitchener, Joffre, Hindenburg and Nicholas the Bloody, for everyone of them wishes to end the war." The common interest in peace masks the fact that some nations desire to maintain the *status quo* without having to fight for it, and others to change the *status quo* without having to fight in order to do so. . . . The utopian assumption that there is a world interest in peace which is identifiable with the interest of each individual nation helped politicians and political writers everywhere to evade the unpalatable fact of a fundamental divergence of interest between nations desirous of maintaining the *status quo* and nations desirous of changing it.

E.H. Carr, *The Twenty Years' Crisis, 1919-1939*

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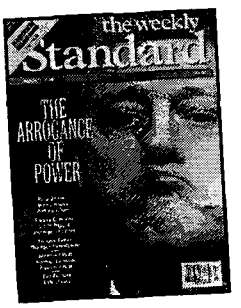

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On the Tenth Anniversary of
"The End of History?"

Francis Fukuyama's

Second Thoughts

With responses from:

Harvey Mansfield
E.O. Wilson
Gertrude Himmelfarb
Robin Fox
Robert J. Samuelson
Joseph S. Nye

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Second Thoughts

The Last Man in a Bottle

Francis Fukuyama

THE SEEDS for "The End of History?" were planted in a conversation I had with Owen Harries on the sunny patio of the Beverly Hills Hotel, some time in the winter of 1987-88. This was the first time I had ever met this displaced Australian with great ambitions for a new and obscure journal called *The National Interest*; I was impressed by his energy and intelligence, and gratified to be asked to contribute.

The only problem was that I had nothing to give him. At that time I was working as a researcher in Soviet politics at the RAND Corporation; at some point later in 1988 I read a speech by Gorbachev in which he said that the essence of socialism was competition. I immediately called a political theorist friend and said, "If this is true, we've reached the end of history." He, knowing his Hegel, understood what I meant immediately. This observation became the basis for a lecture on the triumph of the West that I delivered at the University of Chicago the following winter, and then for the article I submitted to *The National Interest*. There was, of course, no respectable academic journal that would print an article with a title like "The End of History?", much less one that would feature it prominently and invite a variety of distinguished intellectuals to comment on it. Owen did, and the rest was, as they say, history.

I have been asked to reconsider and hopefully recant my End of History hypothesis at regular intervals virtually from the first month that it was published. I did publish a five-year retrospective in a volume edited by Timothy Burns that included some of the most thoughtful critiques yet published of the philosophical aspects of my book.[1] Owen Harries' offer to publish a ten-year retrospective did, however, seem to be an opportunity too good to pass up, particularly in light of the fact that I had learned something in the interim, not so much about world politics, but about modern science. Hence the current article.

I will state my bottom line at the outset. Nothing that has happened in world politics or the global economy in the past ten years challenges, in my view, the conclusion that liberal democracy and a market-oriented economic order are the only viable options for modern societies. The most serious developments in that period have been the economic crisis in Asia and the apparent stalling of reform in Russia. But while these developments are rich in lessons for policy, they are in the end correctable by policy and do not

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[1]Burns, ed., *After History: Francis Fukuyama and His Critics* (Lanham, MD: Rowman and Littlefield, 1994).

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constitute systematic challenges to the prevailing liberal world order.

On the other hand, the argument that I used to demonstrate that History is directional, progressive and that it culminates in the modern liberal state, is fundamentally flawed. Only one of the hundreds of commentators who discussed "The End of History" ever identified its true weakness: History cannot come to an end as long as modern natural science has no end; and we are on the brink of new developments in science that will, in essence, abolish what Alexandre Kojève called "mankind as such."

The Argument

IN RECAPITULATING my original argument, I refer readers not to the article that appeared ten years ago in *The National Interest*,[2] but to my 1992 book *The End of History and the Last Man*,[3] which developed the article's themes in a more systematic way. Much of the initial debate over "The End of History" was a silly matter of semantics, with many readers not understanding that I was using "History" in its Hegelian-Marxist sense of the progressive evolution of human political and economic institutions. Not surprisingly, many of the most intelligent and perceptive early critics were Marxists who didn't get hung up over my use of the term History, but challenged only my conclusion that it culminated in bourgeois liberal democracy rather than socialism.[4]

The basic argument that History in this sense exists and leads ultimately to liberal democracy and capitalism can be stated briefly. There are two separate motors driving the historical process. The first is economic. What gives History its fundamental directionality and progressive character is modern natural science. Scientific knowledge about the world and the ability to manipulate nature through technology is cumulative; steam power and the computer chip cannot be uninvented once they are discovered. The progress of science and technology in turn creates a frontier of production possibilities and thus an economic order. Economic modernization is a coherent process; all societies, regardless of cultural starting points, must accept its basic terms of reference. And finally, markets are the most efficient drivers of economic development.

The second motor is what Hegel called the "struggle for recognition." Human beings desire not just material well-being; they seek recognition of their dignity and status on the part of other human beings, and this demand for recognition is the fundamental passion that underlies politics. The desire for recognition can take many forms, from recognition of one's gods or holy places to recognition of one's national identity within the community of nations. Modern politics is based on the idea, elaborated most fully in the German idealist tradition, that the only ultimately rational form of recognition is universal recognition of all human beings on the basis of their equal dignity as moral agents. A modern liberal democracy is simply a set of political institutions designed to secure these universal rights, which are today enshrined in documents like the American Bill of Rights, the Universal Declaration of Human Rights and the basic laws of most contemporary democracies.

The Three-Part Syllogism

IF WE MOVE to a more practical realm of discourse, these ideas could be translated into public policy through a set of three interlocking propositions constituting a "democratic syllogism" underlying U.S. foreign policy over the past decade. The first proposition was that liberal democracies tend not to fight one another, and that existing democracies could improve their security by enlarging the so-

[2]Fukuyama, "The End of History?", *The National Interest* (Summer 1989).

[3]Fukuyama, *The End of History and the Last Man* (New York: Free Press, 1992).

[4]The *New Left Review* devoted an issue to "The End of History?" (May/June 1992).

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called democratic "zone of peace." The correlation between democracy and peace has been debated with particular intensity in the past few years;[5] despite the arguments that have been raised against it, I believe that this correlation still stands as one of the few non-trivial assertions that political science can make concerning international politics.

The proposition is most defensible if we keep in mind, first, that it is liberalism more than democracy that is the true institutional basis for the so-called democratic peace, and second, that there is merely a correlation and not an iron-clad relationship between the degree of liberal democratic consolidation and peace (the major counter-examples cited by critics all tend to involve countries with weak or incompletely developed liberal democratic institutions, like the antebellum American South or Wilhelmine Germany). Those who doubt this correlation need only look at the fact that the former Soviet Union and its Warsaw Pact allies in effect unilaterally disarmed themselves after 1989 on the basis of an *internal* change in regime type, rather than a change in the external balance of power, which according to the realist school of international politics should drive policy.

The democracy-peace correlation implied that democracy promotion would be an integral part of U.S. foreign policy. Even if the correlation did not exist, the United States on ideological grounds would tend toward a Wilsonian foreign policy, and so indeed the Reagan, Bush and Clinton administrations all made use of Wilsonian rhetoric and set Wilsonian aims for the United States. The differences between administrations lay less in whether to promote democracy, than in how to do so: Republicans tended to be a bit more hard-headed than Democrats in assessing where and under what conditions democracy might realistically emerge. But few administrations have been able to cleave to a strictly realpolitik line of the sort advocated by Henry Kissinger during the Nixon years.

The second proposition in the democratic syllogism was the view that the best means of promoting democracy was through economic development. The correlation between level of economic development (as measured by per capita GDP) and stable democracy is, after the democratic peace correlation, the second non-trivial generalization that can be made about world politics. The development-democracy correlation has proven to be more robust by the 1990s than it was when first laid out by Seymour Martin Lipset in the 1950s.[6] Adam Przeworski has shown recently that while level of development does not affect the likelihood that a country will attempt the transition from authoritarian regime to democracy, it has a critical impact on the likelihood that democracy will be stable: above a level of $6,000 per capita GDP in 1992 parity purchasing power, there is not a single historical instance of a democratic country reverting to authoritarianism.[7] Spain, Portugal, Greece, Taiwan and South Korea all made their transitions to democracy at or near this magical figure.

The development-democracy correlation had a number of policy implications. The first was that if a political avenue toward democracy promotion appeared to be blocked, as was the case for China after Tiananmen, economic development in itself could be expected to prepare the ground, over time, for greater pluralism, liberalization and eventually democracy. While Samuel Huntington's theory of the authoritarian transition (i.e., that

[5]For some recent books on this topic, see Michael E. Brown and Sean M. Lynn-Jones, *Debating the Democratic Peace* (Cambridge, MA: MIT Press, 1996); Miriam Fendius Elman, *Paths to Peace: Is Democracy the Answer?* (Cambridge, MA: MIT Press, 1997); and Spencer Weart, *Never at War: Why Democracies Will Not Fight One Another* (New Haven: Yale University Press, 1998).

[6]Lipset, "Some Social Requisites of Democracy: Economic Development and Political Legitimacy", *American Political Science Review* vol. 53 (March 1959).

[7]Adam Przeworski and Michael Alvarez, "What Makes Democracies Endure?", *Journal of Democracy* (January 1996).

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we ought to encourage economic modernization before political democratization) was never officially resurrected by the Clinton administration, many people had in the back of their minds the possibility that the pattern established by Spain, Korea and Taiwan might be repeated in other authoritarian but rapidly developing societies like China, Malaysia and Indonesia.

The third element of the democratic syllogism was the view that the best way to promote economic growth was to integrate a country fully into the liberal capitalist trade and investment regime. That is, countries would grow the fastest by lowering tariff barriers, ending subsidies, privatizing state-owned industries, opening up their internal capital markets to external capital flows, and the like. Development strategies that had been popular earlier in the century, like import substitution or state-led investment, were roundly rejected in favor of what came to be labeled, in the early 1990s, as the "Washington consensus."

There were, of course, disagreements over how best to implement this package of economic reforms, but the general idea that came to predominate in the early 1990s was some version of "shock therapy." The political logic behind this non-gradualist approach, particularly for post-communist societies, was that socialism and other state-centered economic policies had, for the moment, discredited themselves; there would be a momentary window of opportunity during which radical (and often painful) economic reforms could be enacted; and that it was therefore preferable to undertake them all at once rather than piecemeal before the window slammed shut.

This three-part democratic syllogism led to a coherent set of policies that explained how politics, the economy and international relations interacted, and how movement in one area was expected to promote movement in another. Liberalization of economic policy would lead to rapid economic growth, which in turn would lead to the development of democratic political institutions, which would then enlarge the democratic zone of peace and promote the security of those nations inside it.

There was, of course—and there still is—a large part of the world for which this optimistic scenario seems a distant dream. There are rogue states like Iraq and North Korea that are actively trying to overturn the democratic international order. Much of the Islamic world outside of Turkey for cultural reasons seems unable to adopt either liberal economic or political institutions; and sub-Saharan Africa has so many problems that its lack of political and economic development seems overdetermined. On the other hand, in the 1990s, there was a substantial part of the world—societies in Latin America, Asia and the former communist world—for which one could imagine the scenario working.

The Changing Critique

IT IS HARD to believe that there is at this point any perspective from which "The End of History" has not been criticized, so often and so relentlessly has the thesis been attacked. In the early 1990s there was a great deal of speculation about alternative trends in world politics, trends that many observers felt led away from rather than toward liberal democracy. The most persistent worry concerned nationalism and ethnic conflict, a perspective understandable in view of the conflicts in Yugoslavia, Rwanda, Somalia and other hot spots. But other types of regime were seen as being potential rivals to liberal democracy in the contemporary world, including Islamic theocracy, Asian soft authoritarianism, or even a return to a neo-Bolshevism. The most articulate exponent of this point of view was Samuel Huntington, whose book *The Clash of Civilizations*[8] is now regularly paired with "The End of History" in countless freshman courses on world politics as rival interpretations of the post-Cold War

[8]Huntington, *The Clash of Civilizations and the Remaking of World Order* (New York: Simon & Schuster, 1996).

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order. I do not want to rehash the criticisms that I and others have made of Huntington (who is, in any event, a friend and former teacher), except to say that I feel he seriously underestimates the integrating forces of economic modernization and technological change that will tend over time to blur the boundaries between civilizations and promote a homogeneous set of political and economic institutions among the world's most advanced countries. I also do not believe it is possible to have economic development without a certain degree of value change in a Western direction.

The developments of the second half of the 1990s have been in many ways more threatening to the End of History hypothesis than those of the first. I never argued, after all, that all countries would or could become democratic in the short-run, only that there was an evolutionary logic to human history that would lead the most advanced countries to liberal democracy and markets. The fact that some countries like Serbia or Iran stood outside of this evolutionary process was therefore not a serious counterargument. On the other hand, if the motor driving this evolutionary process was shown to be broken—that is, if any of the major links in the three-part syllogism proved to be false—then the idea that history was progressive would have to be rethought.

Anno 1998

IF ONE WANTED TO make this case, the late summer of 1998 was a good time to do it. First and foremost was the increasing degree of instability in the global financial system. The 1990s had opened with the liberalization of capital markets all over the world, and a flood of money amounting to hundreds of billions of dollars flowing from the developed world into so-called emerging markets in Asia, Latin America and the former communist world. The decade then saw four major currency crises in the space of seven years: the European crisis of 1992 when sterling came under speculative attack; the peso crisis of 1994; the Asian crisis that engulfed Thailand, South Korea and Indonesia in 1997; and the Russian crisis of 1998. (To this list we might now add the Brazilian crisis of 1999.) Following the Asian crisis, this money reversed course and headed for safe havens like U.S. Treasury bills; the flow became a tidal wave after the Russian default in August. This turbulence in short-term capital flows was devastating to the countries involved; Thailand, Korea, Indonesia and Russia all saw their national incomes cut in half in dollar terms in the space of a few weeks. Not only were investors on Wall Street no longer enamored of emerging markets, there was a backlash against globalization on the part of people in the countries affected by the crisis. In South Korea, the economic setback became known as the "IMF Crisis"; Malaysia's Mahathir reimposed capital controls and returned to a crude, anti-Western rhetoric; and even free-market Hong Kong intervened to prop up its stock market. Countries like China, which did not have a convertible currency, appeared to weather the storm best.

The second important development that occurred in mid-1998 was the fall of the Kiriyenko government and the apparent end of the reformist period of post-Soviet Russian history. The seriousness of this development should not be underestimated: much of the euphoria of 1989 centered around the collapse of communism and the apparent embrace of capitalist democracy by its heretofore greatest enemy. Prior to 1998, it was possible to believe that Russia was on a reform track, moving more slowly than Poland, Hungary or the Czech Republic, but nonetheless making progress in dismantling socialism and building the institutions of a working market economy and democratic political system. Western policymakers could tell themselves that even if Russian institutions looked corrupt and imperfect, there were at least powerful forces unleashed that would drive them in a reformist direction. Competition from newly privatized businesses and foreign capital would put pres-

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sure on inefficient state-owned enterprises to become more efficient; if they didn't do so, there would be a general economic crisis leading to political pressure to finally bite the bullet and accept painful changes.

Today, it is hard to be confident that the simple passage of time will lead to either better democracy or market institutions in Russia. Clifford Gaddy and Barry Ickes have in fact suggested that the Russian economy, with all of its unreconstructed, large state-owned enterprises, is actually in a state of equilibrium and could go on for a long time without any pressure for change.[9] What this means, in effect, is that the cultural obstacles to reform have proven insuperable: whatever the wishes of the Russian people at some level to join Western Europe, they, unlike the Eastern Europeans, do not have the social habits needed to create modern economic institutions and a market economy.

In 1998 there appeared to be other straws in the wind signaling an ideological shift. In contrast to the 1980s, when conservatives came to power in the major industrial democracies, parties of the Left now ruled everywhere: the victory of Gerhard Schröder's Social Democratic Party in late 1998 made Germany the last major developed country to follow this trend. In the eastern half of Europe, former communists had returned to power in Poland, Hungary and the Baltic states, pushing out the new non-communist political actors that emerged after 1989. Even in the world's oldest democracy, the United States, there was an apparent retreat from free-market principles as the U.S. Congress voted down Fast Track authority twice in 1997 and 1998, and gave in to protectionist pressures from the steel industry as the trade deficit ballooned.

The collective significance of these late-1990s events was greater than ethnic violence in the Balkans or Somalia earlier in the decade, to repeat, because they had implications for some of the central tenets of the democratic syllogism. They suggested that there was serious instability, not in some peripheral country, but at the core of the global trade and investment system, and that the development-via-globalization strategy promoted by Washington and international financial institutions like the IMF could lead to economic crisis rather than long-term growth.

Does this mean, then, that 1998 will be considered in retrospect as a watershed year, when the headlong rush toward globalization, markets and democracy was suddenly reversed? Will it mark the beginning of a long secular shift to the Left, or else toward some form of economic nationalism? Are we at the end, so to speak, of the End of History?

The answer to these questions is, in my view, no. It still remains possible that there is another shoe to drop, the result perhaps of a Chinese devaluation or an unanticipated blow-up in the derivatives market, that will convert the current emerging markets crisis into a global economic depression. If that happens, all bets will be off. But barring such a disaster, it seems much more likely that the events of 1997-98 will represent the bottom of an economic cycle for the developing world, and that the End of History hypothesis will emerge at the other end not only unscathed, but stronger in many ways. We have, on the other hand, received a wake-up call to change certain specific policies. Neither market economies nor well-functioning liberal democratic political systems simply emerge of their own; they have to be built painstakingly, and it is clear that a good deal of the advice that Washington, the international financial institutions and the West more broadly have been giving out needs to be rethought.

The Inevitability of Globalization

FOR ALL of the hardship and setbacks suffered by Mexico, Thailand, Indonesia, South Korea and Russia as a result of their integration into the global economy, globalization is here to stay.

[9]Gaddy and Ickes, "Russia's Virtual Economy", *Foreign Affairs* (September/October 1998).

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There are three reasons for thinking this.

First, there remains no viable alternative development model that promises better results than globalization, even after the crisis of 1997-98. In particular, globalization's chief competitor, the so-called "Asian development model", has been even more deeply discredited by events of the past decade. At the peak of the Japanese bubble economy in the late 1980s, everyone from American management consultants to Mahathir bin Muhammed was singing the praises of Japanese state-led development, in which a government planning agency oversees sectoral transitions through its ability to allocate credit. Today, with Japan mired in its deepest recession since the oil crisis, and with Finance Ministry officials being regularly carted off to jail, no one is about to advocate imitating Japan or trusting economic bureaucrats to manage growth.

More importantly, the economic crisis has demonstrated that, even for culturally distinctive countries in Asia, there is no alternative to democracy as a source of regime legitimacy. During the heyday of the "Asian economic miracle", spokesmen like Singapore's former Prime Minister Lee Kuan Yew and Malaysia's Mahathir argued that Asian values dictated a soft authoritarian form of government, in which freedom in the economic sphere would be coupled with paternalistic dictatorship in the political realm. Lee argued that this type of government was more in line with Asia's hierarchical Confucian traditions, and that it reflected the consensus that existed in Asian societies favoring growth over the kind of rights-based politics typical in the West.

The economic crisis that hit Asia has demonstrated the hollowness of Asian soft authoritarianism. For all of his talk of Asian cultural distinctiveness, Lee never really had the courage of his convictions: his justification for continued authoritarian rule lay not in the fact that he held the "mandate of heaven", but that his regime could deliver continuing high rates of economic growth. The problem with any regime that bases its legitimacy on economic performance rather than a more basic underlying principle of justice is that it is vulnerable in bad times.

The weakness of such regimes becomes glaringly evident if we contrast Indonesia and South Korea. All Indonesians understood that the Suharto regime was highly corrupt, and that the Suharto children in particular were making off like bandits. But no one was willing to rock the boat given the regime's record in raising living standards continuously since the 1960s. But whatever goodwill or tolerance the regime enjoyed as a result of this performance evaporated immediately the moment Indonesia fell into crisis: who needs a corrupt dictator, after all, if the greater part of the population is being pushed back into poverty? The legitimacy of the South Korean regime, by contrast, was based not on promises of economic performance but on the fact that it had established viable democratic institutions after 1987; indeed, it managed to elect the veteran opposition candidate and human rights campaigner Kim Dae Jung in the teeth of the most severe economic crisis the country has faced since the Korean War. While there was considerable social turmoil in Korea from the fall of 1997 on, no one contested the fundamental legitimacy of the system. Indeed, the usually combative Korean trade unions pulled back from confrontation because they faced not an oppressive military regime but a democratically elected president.

The second reason that globalization is unlikely to be reversed is that the Left has a much bigger problem dealing with the global economy than does the Right. This is because the political base of any party of the Left remains an essentially national one, while the problems of economic inequality that the Left seeks to remedy can today be addressed only at an international level, and require governance mechanisms that are extremely unlikely ever to be created.

In the contemporary global economy, capital has become much more mobile than labor. This puts great pressure on the real wages of low-skill workers in developed coun-

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tries who have to compete against the millions of new low-skill workers who yearly enter the global labor market. Developed countries can either let real wages fall, as in the United States, or increase the social safety net and take the pain in the form of persistent high rates of unemployment, as in Europe. Ultimately, the only remedy for this is either to upgrade the skills of developed country workers (something more easily said than done), or to raise the wages and improve the working and environmental conditions of workers in developing countries. But no trade union or socialist party in the West can mobilize its base around a program dedicated to raising living standards in foreign countries; protectionism on a national basis remains the only valid rallying cry. And while the Left will (justifiably) push for the inclusion of labor standards and environmental issues on the agenda of the World Trade Organization, they face a daunting challenge: how does the world community force Vietnam, India and particularly China to address seriously any of these issues, particularly when these countries are teetering on the brink of economic crisis?

The third and final reason why globalization is not likely to be reversed has to do with technology. Contemporary globalization is underpinned by the information technology revolution that has spread phone, fax, radio, television and the internet to the most remote corners of the globe. Some observers have tried to argue that today's world economy is no more globalized than that of the late nineteenth century, when international trade and investment as a percentage of world output were at levels comparable to those of today. But this seriously underestimates the communications revolution and the kinds of cultural changes it has brought about. Today, no country can ever truly cut itself off from the global media or from external sources of information; trends that start in one corner of the world are rapidly replicated thousands of miles away. A country trying to opt out of the global economy by cutting itself off from external trade and capital flows will still have to deal with the fact that the expectations of its population are shaped by their awareness of living standards and cultural products emerging from the outside world.

Thailand and Korea, following the advice of the IMF, have recovered substantially: interest rates are now down below pre-crisis levels; current accounts have moved back into surplus and reserves have been rebuilt; and in the case of Thailand, a new, far more democratic constitution has been written. Throughout Asia, culturally rooted business practices—including the Korean *chaebol*, lifetime employment in Japan, kin-based business networks in Southeast Asia, and state-led economic development—are receiving hard scrutiny. Many will likely not survive into the next century, but will be replaced with Western-style corporate governance and more transparent economic institutions. If we have indeed reached the bottom of the current economic cycle in Asia and other emerging markets, then the democratic syllogism remains intact.

What Is To Be Done?

DOES this mean then that everything in the global political and economic order is fine, and that there are no lessons to be learned from the experience of the last decade? The answer, in my view, is clearly no.

One of the criticisms of "The End of History", raised by among other people Margaret Thatcher, was that its prediction of progress toward democracy and markets would make people complacent because they would come to believe it was inevitable. This was, of course, never my intention: human beings have to build institutions, and need constantly to revise policies in light of events to keep them viable. They can make policy mistakes, as Western governments did in the 1930s, that set back the cause of democratization for generations. We have in fact received a wake-up call that all is not right in our new, globalized world: even if the system still has no real competitors, it will not remain legitimate over the long run unless it can be run more effectively.

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There is plenty of blame to go around in the lead-up to the Asian and Russian crises, and the primary blame in each case falls on national governments that made a series of mistakes such as failing to provide for adequate banking regulation, permitting high levels of corruption, providing implicit credit guarantees to companies to make non-economic investments, and the like. However, the United States and the international financial institutions that it largely controls are also complicit in these mistakes. In retrospect, many of the policies originating out of Washington in the decade since 1989 seem excessively naive and misguided in at least three major ways.

The first mistake that American policymakers made was to defer excessively to the economists, and to forget the priority of politics, governance and institutions. The liberalizing package of economic reforms that constituted the "Washington consensus" of the early 1990s was in itself unobjectionable. The advice to deregulate, privatize, remove barriers to trade and investment, and the like was basically sound and constituted economic policies that transitional or developing countries would have to follow sooner or later if they expected to achieve long-term growth. The problem was that these policies presupposed the existence of political institutions that could implement them, and institution-building was a much more difficult problem that was not effectively addressed from the outside.

Take the case of Russia. One well understood problem was that the so-called "democrats" squabbled continually among themselves and were never able to obtain a solid majority in the Duma. The political base therefore never existed to push through anything close to the radical economic reform that was successfully carried out in Poland. But the governance problem went well beyond this. Certain basic state institutions either never existed under the Soviet regime (such as a commercial court system that could adequately protect property rights), or else were dismantled as part of the transition from communism (such as tax and regulatory authorities with police powers).

As in the case of Sicily, the absence of an enforceable system of property rights led to private agents getting into the business of property-rights protection; much of what Russians label as "mafia" activity is actually a quasi-legitimate effort to sell private protection of property rights in a society where the state does not supply this as a public good. Privatization is a state activity that takes a great deal of institutional competence to carry off: it is difficult for even experienced governments to sequence the sale of assets properly, to value them fairly, and to set up a bidding system that is transparent and free of corrupt influence. Even the most apparently successful privatizations, like the one carried out in the Czech Republic, were subject to the "tunneling" out of assets by majority shareholders because the newly written securities law did not provide adequate protection for minority shareholder rights. In retrospect, it should have been clear that the Russian state did not come close to having the institutional competence necessary to carry out a clean privatization of its gas and oil or other commodity industries; it should be no surprise then that politically connected insiders were able to scoop up assets, not to operate them efficiently, but to loot them.

Many of the economic policy officials involved with Russia would say, in their own defense, that they did in fact stress the importance of institutions, and that the United States and the international community more broadly gave Russia considerable help establishing a court system, banking regulation and the like. The problem was that none of these state-building efforts was remotely adequate to the task, and when the decision time came on whether to proceed with something like privatization, the advice was always to push ahead. Private capital markets also share a good deal of blame: after Yeltsin's re-election in 1996, the Russian government, with the help of Western investment bankers, was marketing state debt—the infamous GKOs—to

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cover government deficits that went to subsidize loss-creating state enterprises. This flood of foreign short-term capital from Western financial institutions prolonged the final day of reckoning and made the meltdown worse than it would otherwise have been when the Russian government finally defaulted in 1998.

The second mistake that American policymakers made was to underestimate the cultural obstacles to development. As I argued in *Trust: The Social Virtues and the Creation of Prosperity*,[10] there are many societies that suffer from a crisis of trust. In virtually all Latin American countries, for example, there is a group of twenty, thirty or forty prominent families whose businesses will control a large part of the country's GDP. These businesses are often linked in networks that bring together firms with no obvious synergies and whose interrelationships are obscure to outsiders; their *raison d'être* is that they are controlled by extended kin groups. But while trust relations within kinships are strong, the ability of people to work together as strangers is limited, producing a two-tier moral system in which family and friends are treated much better than everyone else, and in which public service is seen as an opportunity to steal on behalf of the family. This leads to nepotism and pervasive corruption, and constitutes one of the major obstacles to development for a wide range of countries.

International financial institutions have, of course, long recognized that corruption represented a serious problem. Given how deeply corruption was embedded in many political systems and cultures, however, most international agencies felt that there was relatively little they could do about it other than restrict the degree of discretion open to local politicians in economic decision making. It is not clear, however, that this will continue to be a tenable position, given the sheer volume of aid and now foreign direct investment dollars that has ended up in the pockets of corrupt officials from Pakistan to Indonesia to Russia in the past decade. The World Bank has started to address this issue systematically, as well as other elements of good democratic governance. The OECD has passed an anti-corruption protocol that tries to harmonize the policies of its member states and eliminate the advantage that German and Japanese firms have had over their American counterparts in being able to deduct bribes as business expenses.

The final set of lessons concerns capital markets and the general project of liberalizing the economies of transitional and developing countries. A complex debate has opened up among the economists concerning the causes of the Asian economic crisis and the complicity of Western institutions like the IMF in it, one that pits Jeffrey Sachs and Martin Feldstein on one side against Larry Summers and Paul Krugman on the other. Among other issues, the debate concerns whether the crisis was driven by short-term liquidity problems, or whether there were deeper structural problems involved; whether the IMF ought to be involved in trying to fix the latter; and whether the IMF's high interest rate policy is best suited for achieving either goal.

It has been fairly clear to most of the participants in this debate that one of the dysfunctions of the new global economy is the sheer volume of short-term capital sloshing around in it. Private capital markets, it would appear, have not been terribly efficient over the past decade; they substantially mispriced risk by sending hundreds of billions of dollars to Asia and Russia under the assumption that exchange rates would hold steady. The receiving countries contributed to this problem by the incorrect sequencing of capital market liberalization: both Thailand and South Korea, for example, liberalized the short end of their capital markets in the early 1990s without having in place adequate regulatory systems, and without dismantling a politicized internal system of credit allocation. There was, in the early and mid-1990s, a great deal of devel-

[10]Fukuyama, *Trust: The Social Virtues and the Creation of Prosperity* (New York: Free Press, 1995).

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oped-country capital seeking long-term investment opportunities in Asia; being barred in a country like Korea from foreign direct investment or even substantial equity market participation, it went instead into short-term bank loans.

While the receiving countries made mistakes, they were abetted in crucial ways by policy from Washington. There was a common belief among policymakers in the early 1990s that if a country could liberalize only 20 percent of its capital markets, that would be a better outcome than zero percent liberalization. In retrospect, this was a terrible error: in the absence of transparency and strong regulatory institutions, 20 percent liberalization can lead to a much worse situation than no liberalization at all. Countries like Chile that maintained controls on short-term capital were less vulnerable. The IMF and U.S. Treasury Department compounded the problem by creating moral hazard: much of the senseless Western private investment in Russian GKOs was driven by the belief that Russia was "too nuclear" to be allowed to fail.

In the end, all of these problems taken together do not constitute, as George Soros has suggested, a "global crisis of capitalism." A simple policy intervention like the Federal Reserve's three emergency cuts in interest rates in the fall of 1998 increased the supply of dollars to the world economy and prevented the emerging market panic from broadening into a 1930s-style financial collapse. This doesn't mean that there are not deeper problems in the global economy: John Makin of the American Enterprise Institute has suggested that underlying the financial crisis is a crisis of global overproduction in the real economy. But to the extent that this is true, it reflects not a structural weakness of contemporary capitalism, but rather state-driven overinvestment by Asian countries seeking to replicate the Japanese development model.

The outbreak of war between NATO and Serbia in March 1999—after the first draft of this article was written—may be taken by some as evidence that History is alive and well. And so it is, in the Balkans. But cruel as it may be to say in light of the sufferings of the Albanians and others who live there, the conflict in Kosovo does not rise to the level of world history because it is very unlikely to have any lasting impact outside the Balkans. In my original article, I said that after the End of History,

> There would still be a high and perhaps rising level of ethnic and nationalist violence, since those are impulses incompletely played out, even in parts of the post-historical world. . . . This implies that terrorism and wars of national liberation will continue to be an important item on the international agenda. But large-scale conflict must involve large states still caught in the grip of history, and they are what appear to be passing from the scene.

The United States has tragically mishandled Kosovo, but the idea that it and its NATO allies represent will outlast the incompetence of any one administration.

Why "The End of History" Was Essentially Wrong

IF WE SHIFT OUR perspective from contemporary politics and economics to the more philosophical issues underlying the End of History, there are developments in plain sight just over the horizon of the twentieth century that will definitely end human History, but not in the manner I suggested.

In *The End of History and the Last Man*, I argued that the directionality and progressive character of human history was driven by the unfolding of modern natural science. Steam power, railroads and machine production created the Industrial Era and made possible Weber's centralized, bureaucratic, rational state, of which the Soviet Union was one extreme example. On the other hand, the shift from an industrial to a postindustrial society established a very different set of economic conditions, in which manufacturing gives way to services, where educational requirements

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rise substantially, where intelligence replaces material product at the margin, technology and technological innovation become pervasive, and the complexity of economic life rises exponentially.

Socialism, at least in the form of the centralized planning that was practiced in former communist countries, cannot survive under postindustrial conditions. The reasons for this were outlined fifty years ago in a classic article by Friedrich von Hayek.[11] In a modern economy, the vast bulk of the information generated in it is local in character, and also requires an increasingly high degree of technical knowledge to master. It is the riveter on the factory floor bolting on a door panel who knows that the panel is defective, and not the manager sitting in corporate headquarters; similarly, it is the Red Director with a degree in engineering rather than the party boss who understands the requirements for building a factory. Economic systems that funnel decision making through centralized agencies saddle themselves with crippling bottlenecks. The growth in economic and technological complexity, and the kinds of local and tacit knowledge required to manage this complexity, almost inevitably dictate a high degree of decentralization in economic decision making, which inevitably means a greater reliance on markets.

The shift from centralized, hierarchical, bureaucratic authority structures to more participatory ones in which power and authority are more broadly distributed has characterized not only politics but individual firms in the economy. Just as the overcentralization of decision making in East Germany or the former USSR stifled innovation, so too did the overcentralization and overbureaucratization of large firms like IBM and AT&T cripple their ability to compete against smaller and nimbler competitors.

In this respect, the ongoing information revolution has had a major impact on global politics and has hastened the arrival of the End of History. While the major technologies of the late nineteenth and early twentieth centuries—from petrochemicals to automobiles to nuclear energy and weapons—encouraged scale and centralization, the technologies of the late twentieth century seem to encourage flexibility and decentralization. The arrival of cheap and ubiquitous information has had a profoundly democratizing impact; it is much less easy for hierarchies of various sorts, from governments to corporations to unions, to use their control over information to manipulate those over whom they have authority. It is no accident, then, that authoritarian regimes began to collapse all over the world just as the global economy started to shift into the information age.

Economics, however, is not the only force driving a progressive human history. Operating in parallel is the struggle for recognition; that is, the desire of all human beings to have their fundamental human dignity recognized by those around them. *The End of History and the Last Man* argued that Kant and Hegel were essentially right in their view that the only rational form of recognition was universal recognition, and that universal recognition was best realized in a modern liberal state that guaranteed a set of fundamental human rights. Ultimately, this argument was underpinned by reference to human nature: human beings in Hegel's view do not simply seek economic ends and are not satisfied with simple material prosperity; their satisfaction depends in critical ways on what Plato called *thymos*, the spirited part of the soul that sought recognition of their dignity. Socialism's failing went far beyond its inability to produce factories that could manufacture semiconductors: by creating a dictatorship that trampled over the dignity of individual citizens, it failed to create that equality of recognition that is necessarily the basis of a just society.

The possibility that we are at the End of History can arise only under two conditions. The first is that such a thing as human nature exists. If human beings are infinitely mal-

[11]Friedrich A. Hayek, "The Use of Knowledge in Society", *American Economic Review* (September 1945).

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leable, if culture can overwhelm nature in shaping basic human drives and preferences, if our entire cultural horizon is socially constructed, then clearly no particular set of political and economic institutions, and certainly not liberal democratic ones, can ever be said to be, in Kojève's phrase, "completely satisfying." Marxism assumed a high degree of plasticity: if human beings seemed selfish, materialistic and overly concerned with family, friends and their own property, it was only because bourgeois society had made them that way. According to Marx, man was a "species being", with unlimited reservoirs of altruism toward mankind as such. Part of the Marxist project in existing socialist societies was to create a "new Soviet man." Socialism foundered because it ran into the brick wall of human nature: human beings could not be forced to be different from what they were, and all of the characteristics that were supposed to have disappeared under socialism, like ethnicity and national identity, reappeared after 1989 with a vengeance.

The second condition for the End of History, as I noted at the beginning of this article, is an end of science. Americans are in the habit of thinking that technological innovation is a good thing, and that those who question it are Luddites standing in the way of progress.[12] And indeed, the technologies that have emerged as the dominant ones at the end of the twentieth century, particularly those related to information, appear to be relatively benign and supportive of a more democratic world order. If we could somehow be assured that future technological innovation would move along similar lines, then we might say that we have the right set of political and economic institutions. But we cannot, and indeed, we are on the cusp of a new explosion in technological innovation that will force us to rethink first principles. For just as the twentieth century was the century of physics, whose prototypical products were the atomic bomb and the transistor, the twenty-first century promises to be the century of biology.

In some sense, it is possible to regard the biotechnology revolution as merely a continuation of the ongoing revolution that has taken place in the life sciences over the past century and a half, a revolution that has brought us vaccines against smallpox and polio, dramatically increasing life expectancies; the green revolution in agriculture; and countless other benefits. But the discovery of the structure of DNA by Watson and Crick opened up a much more distant frontier in the human conquest of nature, and the kinds of developments likely to be forthcoming in the next couple of generations will make earlier advances pale in comparison. To take just one small example, it is no longer clear that there is any upper limit on human life expectancy. Recent research on stem cells—cells that exist in embryos that have not yet differentiated into the various organs of a baby—suggests that aging and cell degeneration are genetically controlled processes that can be deliberately turned on or off. Some researchers now think that it may be possible for human beings routinely to live two or three hundred years, perhaps even longer, at a high level of health and activity.

THE MOST RADICAL outcome of ongoing research in biotechnology is its potential for changing human nature itself. If we define human nature as a statistical distribution of genetically controlled characteristics of a population, then the so-called "germline" research of the future will differ from medical technology of the past in its potential to alter human nature by affecting not just the individual to whom it is applied, but all subsequent descendants of that individual. The ultimate implication of this is that biotechnology will be able to accomplish what the radical ideologies of the past, with their unbelievably crude techniques, were unable to accomplish: to bring about a new type of human being.

Many of the proponents of biotechnology will argue that this kind of observation is

[12]For an example of this line of thinking, see Virginia Postrel, *The Future and Its Enemies* (New York: Free Press, 1998).

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unduly dramatic and alarmist. The purpose of research in biotechnology is therapeutic: it aims at uncovering what are now clearly understood to be the genetic underpinnings of diseases like breast cancer, Alzheimer's and schizophrenia, and to provide cures for them. Germline research, it can be argued, simply takes this form of therapy to its logical conclusion: if the propensity for a disease lies in a genetically heritable characteristic, what is wrong in principle with a genetic intervention designed to eliminate that propensity from present and all future generations that might suffer from it?

The fact that there is no clear answer to the last question suggests, as bioethicist Leon Kass has pointed out, why biotechnology will be so hard to resist in the future: any potential negative consequences of genetic manipulation will be intimately connected with positive benefits that will be obvious and measurable. Many people argue that we can draw a line between therapy and enhancement, and that we can reserve genetic engineering for the former. But drawing boundaries in gray areas will be much easier said than done. There is general consensus that some conditions like schizophrenia are pathological; the problem is that there is no consensus as to what constitutes health. If one can administer growth hormone to a child suffering from dwarfism, why not to one who is in the fifth percentile for height? And if it is legitimate to give it to a child in the fifth percentile, then why not to a child in the fiftieth, who wants to receive the clear-cut benefits of tallness?

Or to take another example, supposing we decide that we really don't like the median young male all that much. There is a growing body of evidence to suggest that propensities for violence and aggression are genetically inherited, and are much more characteristic of males than females. This comes from a wide variety of sources, from the fact that the vast majority of crimes in any culture are committed by young males, to recent primatological research that suggests a continuity in male-bonded group aggression from man's primate ancestors through early humans to modern man.[13] But if the propensity for violence is genetically controlled, then why not intervene to correct that? For even if the propensity for violence could be said to be natural, there are few people willing to defend instinctive violence as a healthy condition. There is already a growing body of criminological research, a lot of it coming from twin studies in behavioral genetics, that suggests that propensities for crime can be inherited and possibly, in the future, located in specific genes carried by specific individuals. Research in this area has gotten caught up in a huge fight over political correctness, since many people suspect and fear that research will also try to correlate the propensity for crime to race as well. But the time will come when it will be possible to separate the issue of violence from the issue of race, when we will have to confront directly the question of what constitutes health in this regard. For we will be in possession of a technology that will allow us to breed less violent people, or people cured of their propensity for criminal behavior.

Those who think that this sounds like science fiction have simply not been paying attention to what has been going on in the life sciences recently. What one day may be accomplished through gene therapy is already being brought about by neuropharmacology. Drug therapy is different from gene therapy insofar as its effects are not heritable, but its impact affects the same fundamental level of human behavior. Take two of the best known and controversial drugs that act directly on the neurological system, methylphenidate (sold under the brand name of Ritalin)[14] and fluoxetine (better known as Prozac).[15] Ritalin is used to treat what has come to be called attention

[13]See my article, "Women and the Evolution of World Politics", in *Foreign Affairs* (September/October 1998).

[14]Related drugs include dextroamphetamine (Dexedrine) and pemoline (Cylert).

[15]Related drugs include Pfizer's Zoloft and Smithkline Beecham's Paxil.

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deficit-hyperactivity disorder (ADHD), most commonly associated with young boys who are unable to sit still in class. Prozac and its relatives are antidepressants. Ritalin works by inhibiting the brain's reuptake of a key neurotransmitter, dopamine, while Prozac works by inhibiting the reuptake of another important neurotransmitter, serotonin.

Ritalin and Prozac have both been described as wonder drugs, and have earned enormous profits for their manufacturers, Novartis and Eli Lilly. There are any number of cases where severely disruptive, violent or aggressive children have been effectively sedated with Ritalin and integrated back into classrooms. Similarly, Prozac and its relatives have been in large measure responsible for the demise of psychoanalysis, so effective are they at treating severely depressed patients. Ritalin is now used by three million children in the United States today; school nurses dispensing daily Ritalin doses have become a common feature of many schools. Similarly, Prozac and its relatives are prescribed for more than 35 million patients nationwide, and like Ritalin they have developed an enormous cult following and fierce partisans who testify to their therapeutic effects.

These drugs have, however, also been the subject of violent controversy because of their behavior-altering potential. Ritalin's critics, including many doctors, do not believe that ADD and ADHD are diseases at all; while some cases of hyperactivity are clearly pathological, in many others the behavior in question would, in a different age, be characterized simply as high spirits.[16] Indeed, since Ritalin is much more often prescribed for boys than for girls, some critics go so far as to charge that the drug is used to prevent boys from being boys, i.e., that it is being used to treat not pathological but normal behavior that harried parents and teachers find inconvenient or stressful. Ritalin's effect on the brain is similar to that of a number of illegal amphetamines, indeed, to cocaine.[17] Stories of Ritalin's effects often make it seem like the drug soma administered to the citizens of Aldous Huxley's *Brave New World* to make them passive and conformist.

Prozac and its relatives are potentially even more consequential because they affect levels of serotonin in the brain. Serotonin is intimately linked to feelings of self-esteem and dignity, and in primates plays a role in competition in status hierarchies. Chimpanzees feel a "serotonin high" when they achieve alpha male status; by regulating the levels of serotonin in their brains, scientists can reorder the dominance hierarchies in chimp colonies. Because more women tend to be depressed than men, Prozac is widely used by women and has been celebrated in books like Elizabeth Wurtzel's *Prozac Nation*. Like Ritalin, the drug has uses that are unquestionably therapeutic; but an unknown number of its millions of users are pursuing what Peter Kramer calls "cosmetic pharmacology."

Perceptive readers will have noticed the words "self-esteem" and "dignity" in the preceding paragraph. In the Hegelian-Kojèvian interpretation of world History, the struggle for recognition of human dignity or worth is not just incidental to human affairs; it is the very motor that drives the historical process. According to Hegel, human History starts when two human beings engage in a battle to the death for recognition. That is, they show that they are willing to risk their lives, not over material gain, but over the intersubjective recognition of their dignity by another consciousness. The unfulfilled longing for recognition creates the various forms of political order that have existed in human history: lordship and bondage, the unhappy consciousness, and finally the universal homogeneous state in which all citizens finally receive rational, and therefore equal, recognition of their dignity.

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[16]The controversy over Ritalin is such that the National Institutes of Mental Health were forced to convene a symposium in early 1999 to discuss ADHD and the growing use of the drug.

[17]For a discussion, see Mary Eberstadt, "Why Ritalin Rules", *Policy Review* (April/May 1999).

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There are a number of problems with the Hegelian account of History, beginning with the fact that non-human primates apparently struggle for recognition as well, and ending with the fact that the equal recognition provided by a modern liberal democracy is perhaps not as "completely satisfying" as Kojève claims. And yet, it is hard to observe political life and not understand that it indeed has always centered on recognition struggles. But all of a sudden, the global pharmaceutical industry in its enormous inventiveness has provided us with a shortcut: instead of striving for recognition by the painful building of a just social order, instead of seeking to overcome the self with all its anxieties and limitations, as every previous generation of human beings has done, we can now just pop a pill! We are, in a sense, confronted with Nietzsche's Last Man in a bottle: the disrespect that we face, the dissatisfaction with our current situation, which have been the ground for History as such, suddenly vanish, not as a result of liberal democracy, but because we have suddenly discovered how to alter that bit of brain chemistry that was the source of the problem in the first place.

There is a pleasing symmetry to the effects of Ritalin and Prozac: the first makes boys less boy-like; the second overcomes the downsides of being female. Together they move us imperceptibly toward the kind of androgynous human being that has been the egalitarian goal of contemporary sexual politics. As Nietzsche's Zarathustra said of the Last Man, "everyone wants to be the same, everyone is the same." One wonders what the careers of tormented geniuses like Blaise Pascal or Nietzsche himself would have looked like had they been born to American parents and had Ritalin and Prozac available to them at an early age.

These developments in neuropharmacology give us only a foretaste of what is to come in the next century. It seems all but inevitable that we will develop the ability to manipulate the germline itself, and therefore change once and for all the set of genetically controlled behaviors that have characterized the human race since the so-called Era of Evolutionary Adaptation, when human beings lived in hunter-gatherer societies. No one should underestimate the potential consequences of this for either politics or morality. For today, any understanding we may have of just political arrangements or a universal moral order is ultimately based on an understanding of human nature. To the extent that that nature is something given to us not by God or by our evolutionary inheritance, but by human artifice, then we enter into God's own realm with all of the frightening powers for good and evil that such an entry implies.

Global Governance and Twin Revolutions

THERE ARE currently two revolutions going on in parallel, one in information technology (IT) and the other in biology. Of the two, the first is more visible, but the latter, a revolution in basic science rather than technology, is in the end likely to prove much more fundamental. These twin revolutions are likely to interact in ways that have implications for global governance.

As we have seen, the IT revolution has had beneficial effects in bringing about the End of History by undermining authoritarian hierarchies and distributing power more broadly. In popular imagination, IT is seen as good for democracy, good for the economy, and (if one is American) good for the United States as well, since it is we who dominate the global IT industry. Biotech, on the other hand, while having unquestionably beneficial effects, is regarded by many non-scientists with much greater suspicion. In Europe generally and Germany in particular, the Nazi legacy has made people wary of genetic research and manipulation. The Germans have banned activities like germline research, and have gotten into disputes with American biotech companies like Monsanto over genetically altered foods. As I suggested above, much more radical and therefore scarier developments lie in our future.

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Supposing that we will decide some time in the future that we will want to stop, ban or even slow down the development of certain new biological technologies—say, human cloning. Will we be able to do this? The orthodoxy that prevails in the world of information technology is that it is, first, illegitimate to seek political limits on scientific research or the development of technology, and second, that even if we wanted limits, they could not be implemented.

The normative view that we should not seek to control science has a number of sources, including an unquestioning acceptance by many scientists of the Baconian-Cartesian project of modern natural science, the libertarian outlook that has become dominant in the last generation, and the natural tendency of Americans to hold an optimistic view of the future. This view has been strongly reinforced by the perceived success of IT in supporting political values like individualism and democracy. Attempts to control the use of IT, for example by banning pornography on the internet, as the Communications Decency Act of 1996 tried to do, have been ridiculed as puritanical and out of date.

There are of course some uses of IT that even its most libertarian advocates won't try to defend, like child pornography and the passing around of bomb-making information. At this point the second argument comes into play, that even if one wanted to control the uses of technology, it would not be possible to do so. Again, IT has been particularly susceptible to this line of argument because it, in contrast to nuclear weapons technology, does not reward economies of scale. The decentralized nature of information technology and the inherently borderless nature of modern communications promotes globalization and creates a situation where it is virtually impossible for any single nation-state to control the uses of IT within its borders. States like Singapore or the People's Republic of China that have tried to control political dissent on the internet have faced an uphill fight; French attempts to mandate the use of the French language on web sites within its borders have been more ludicrous than effective. Any real effort to impose controls over IT use today would require a level of global governance that does not now exist, and is politically very unlikely to exist at any time in the future.

The same problems will exist for any attempt to control biotechnology. The benefits of biotechnology will be so great and so evident to many people that moral concerns about its downsides—which in my view are much more serious than for IT—will tend to be brushed aside as uninformed prejudice. The examples of Ritalin and Prozac are instructive in this regard: a major revolution in the control of social behavior has been launched in the past decade without fanfare or significant debate, propelled by the self-interest of private pharmaceutical companies.

Furthermore, efforts to control biotechnology will run into the same practical hurdles as attempts to control IT. Globalization means that any sovereign state seeking to impose limits to, say, cloning or the creation of designer babies will not be able to do so; couples facing a ban imposed by the U.S. Congress, for example, may be able to slip into the Cayman Islands or Mexico to have their cloned child. Moreover, international competition may induce nations to cast aside their qualms: if one country or region of the world appears to be producing genetically superior individuals through its relaxed rules on biotechnology, there will be pressure for other countries to catch up. The libertarian mindset and the absence of international governance mechanisms, which seemed appropriate for the largely benevolent IT revolution, may be less appropriate for a more sinister biotech revolution. But at that point, efforts to close the gate may be unavailing.

Conclusions

IT IS OF COURSE impossible to predict the future course of technological development; much as "The End of History" was attacked for being an exercise in futurolo-

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gy, that was never its intent. Biotechnology may not prove to be as powerful as I have suggested, or it may be that people's moral revulsion to genetic engineering will prove so strong that movement in this direction will be stopped dead in its tracks (no one, after all, is pushing for building personal nuclear weapons, even though this is technologically feasible).

Those who attempted to find the key flaw of "The End of History" in political and economic events of the past decade were barking up the wrong tree. There is nothing, as I have said, that has occurred in world politics since the summer of 1989 that in any way invalidates the original argument: liberal democracy and markets today remain the only realistic alternatives for any society hoping to be part of the modern world.

The key defect of "The End of History" lies at a completely different level. The possibility of such an end depends on the existence of a human anthropology that is grounded in nature. The period since the French Revolution has seen the rise of different doctrines that hoped to overcome the limits of human nature through the creation of a new kind of human being, one that would not be subject to the prejudices and limitations of the past. The collapse of these experiments by the end of the twentieth century showed us the limits of social constructivism, and endorsed a liberal, market-based order grounded in self-evident truths about "Nature and Nature's God." But it could be that the tools twentieth-century social constructionists used, from early childhood socialization and psychoanalysis to agitprop and labor camps, were simply too crude to alter effectively the natural substratum of human behavior. The open-ended character of modern natural science suggests that within the next couple of generations we will have knowledge and technologies that will allow us to accomplish what social engineers of the past failed to do.[18] At that point, we will have definitively finished human History because we will have abolished human beings as such. And then, a new, posthuman history will begin. □

[18]These social engineers may not work for the state, but rather for a drug company or for a parents' advocacy group.

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Responses to Fukuyama

Harvey Mansfield:

IT IS A pleasure to comment again on Fukuyama's remarkable article of ten years ago. I continue to think "The End of History" to be an overinterpretation of the fall of communism, but I also still wonder at the ingenuity and breadth of the author. Fukuyama, with his knowledge of philosophy, easily surpasses the political science theorists who possess nothing but second-hand Kant, or misread snippets from Thucydides, and whose constructions remind one of an immense suburban development of small houses, all built to be at once the same and different. He also seems to have read *The Economist* for the past several centuries, and *remembered* it. The best I can do, by contrast, is to speak from above the facts and arguments he marshals.

As Fukuyama says, his article and book on the end of history have been relentlessly criticized, but he is too modest to add that they have been universally read. The reason they cannot be ignored or dismissed is that they embody our hopes as well as our doubts, both of which Fukuyama has brilliantly expressed. The "end of history" makes sense of our belief in progress because progress, if it goes toward a better life, must have an end in perfect life. A society that is perfectible must have a perfection. Without an end to history we could never know whether history was going forward, as we believe, or going backward.

Yet an end of history also makes us uncomfortable. It leaves us with nothing interesting to do. Moreover, the path of progress was to have been a way around any set definition of the perfect life, any metaphysical or religious *summum bonum*. To acknowledge a perfect life at the end of history seems to reinstate the authorities claiming to know that life from which modernity wished to liberate us. When Francis Bacon said that the end of modern science was the "relief of man's estate", he did not tell us what man's estate was. But now, when science does so much for man, we need to know what man is, so that we can tell whether his estate has been relieved or aggravated. It does not matter that we did not start with a notion of the perfect life. We need one now as we approach the destination.

Fukuyama seems to me quite equivocal about the perfection of human life at the end of history. On the one hand he says that the perfect life, with its two elements of economics and esteem—the perfection of the body and the perfection of the soul—has been achieved in liberal democracy. (I exaggerate his words but not his claims.) The fall of communism confirms this truth and events since 1989 do not bring it into doubt. But on the other, he agrees with Nietzsche that humanity is close upon the Last Man—meaning not the best but the disappearance of the best. In this view the idea of progress has led us to disaster. Instead of attaining the perfect life we have lost sight of it.

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Fukuyama concentrates his doubts on new developments in biotechnology, particularly on two new drugs, Ritalin and Prozac, illustrating the scary character of modern science. Such drugs may seem capable of creating a "new type of human being." But in fact they simply help to constitute the Last Man, whose definition has been available at least since the early writings of Marx. Ritalin tempers the high spirits of boys, and Prozac raises the low spirits of women. The result is that we will no longer be troubled by psychic sexual differences and all will be equally capable of the same equanimity. Anyway, why would we want to be troubled if, life being perfect, there is nothing to be troubled about?

Fukuyama can see that these drugs contribute to the belittlement, not the esteem, of man. Men are belittled when they do not feel joy or despair, even though, or precisely because, such sentiments are often mistaken or excessive. Nothing great is gained for us if nothing important can be lost. The modern project for reducing risk can be seen at work not only in economics but even in the element of esteem, where it moves us to equalize our chances and to smooth out life's ups and downs. Fukuyama rightly wonders whether, when you take such drugs or other soothing therapy, you are still yourself; or have you given your self away to keep it safe?

The situation gets worse if one were to push Fukuyama to decide whether esteem is really recognition in the Hegelian manner. Hegel conceived that recognition is equal because in recognizing what is other, one recognizes oneself. But if the other is always the alienated self, there is nothing in the universe except the self. Then what are we to say of a life devoted to finding the self that is always ready to abandon the self, that vacillates between desiring recognition and settling for prudent submission?

We know that the modern, well-adjusted self belittles man because we know from religions and philosophies wiser than Hegel that it cannot satisfy human nature. Men cannot be satisfied if there is nothing above them to admire and strive for. At the end of history we may decide to rob ourselves of our humanity, and indeed the most telling charge against American education today is that it gives our children nothing to look up to. But if we do that, it will have been our delusion and our fault. □

Harvey Mansfield is professor of government at Harvard University.

E.O. Wilson:

IN *On Human Nature* (1978) I also introduced the theme with which Professor Fukuyama closes his essay, and in *Consilience: The Unity of Knowledge* (1998) developed it in some detail. I am pleased that a political scientist of Fukuyama's caliber has now arrived independently at the same perception.

But there are differences, and my overall conclusion is a great deal more conservative. In *On Human Nature* I recognized three successive dilemmas encountered during the growth of scientific materialism. The first dilemma is the sapping of religious and ideological authority, leaving no clear transcendent alternative. The second is the choice to be made among the elements of newly understood human nature—which to constrain and which to enhance. The third dilemma is the one that Professor Fukuyama now recognizes, the choices that will be imposed by volitional evolution of

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the genetic basis of human nature.

To address the question of volitional evolution, which is on the near horizon of technical capability, it is necessary to define human nature. Fukuyama goes partway when he speaks of the statistical preponderance of hereditary temperament and ability, which is open to genetic fine-tuning. But human nature as newly revealed by cognitive neuroscience and anthropology is something much deeper and more interesting.

In a nutshell, human nature is not the genes that prescribe it. Nor is it the cultural universals, such as incest taboos and rites of passage, which are its products. Rather, human nature is the epigenetic rules, the highly diverse inherited regularities of development in mental traits and their physiological modulators. These rules are the genetic biases in the way our senses perceive the world, the symbolic coding by which we represent the world, the options we open to ourselves, and the responses we find easiest and most rewarding to make. In ways that are beginning to come into focus at the physiological and in a few cases even the genetic level, the epigenetic rules alter the way we see and linguistically classify color. They cause us to evaluate in idiosyncratically human ways the aesthetics of artistic design according to elementary abstract shapes and degree of complexity. They lead us differentially to acquire fears and phobias concerning dangers in the environment (as from snakes and heights), to communicate with certain facial expressions and forms of body language, to bond with infants, to bond conjugally, and so on across a wide range of categories in behavior and thought. Most epigenetic rules are evidently very ancient, dating back millions of years in mammalian ancestry. Others, like the stages of linguistic development in children, are uniquely human and probably only hundreds of thousands of years old. For immense periods of time, they have channeled cultural evolution.

An instructive example of an epigenetic rule is the Westermarck effect, which underlies the instinct to avoid incest. When two people live in close domestic proximity during the first thirty months in the life of either one, both are desensitized to later close sexual attraction and bonding. The Westermarck effect has been well documented in anthropological studies, although the genetic prescription and neurobiological mechanics underlying it remain to be studied. What makes the human evidence the more convincing is that all of the non-human primate species whose sexual behavior has been closely studied also display the Westermarck effect. The rule is thus not just human-specific but primate-specific, and it therefore appears probable that the trait prevailed in the human ancestral line millions of years before the origin of *Homo sapiens*, our present-day species.

Other examples of epigenetic rules I have cited most recently in *Consilience: The Unity of Knowledge* illustrate the complexity and depth of human nature as now biologically defined. It may be, as Fukuyama suggests, that in the new world of liberal democracies, free global markets and universal communication, and with genomic technology at their disposal, people will proceed to alter the causal webwork between genes and culture. But red flags are already flying. Let me suggest the risks and provide what I perceive to be the main ethical argument for genetic conservatism.

As the era of volitional evolution approaches, geneticists will warn of fundamental properties in inheritance that greatly complicate the interaction of genes and the environment. One is polygenic inheritance, the control of a single trait by multiple genes at different chromosome sites. While it is true that mutations in one or a small set of master genes have large effects, many other genes have additive effects as well. Some of these effects are epistatic, not just adding to the contribution of others but altering their expression. And finally, there is the near universal occurrence of pleiotropy, the contribution of a single gene to more than one trait.

In sum, in heredity as in the environment, you cannot do just one thing. When a gene is changed by mutation or replaced by another

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gene, unexpected and possibly unpleasant side effects are likely to follow. Although a complete base pair sequencing and then gene mapping are expected to be completed within a decade, we are probably generations away from a complete genomics—the genetic maps plus all the molecular steps by which the code is read out in final phenotypic traits.

By the time the treacherous waters of possible genomic intervention and replacement are charted, I suspect a moral argument will keep *Homo sapiens* from traveling there except for gene therapy and minor enhancement. The epigenetic rules—human nature—are not just the algorithms by which individuals are assembled. They are the essence of humanity, the product of millions of years of adaptation to this unique, life-giving planet. They are all we have that separates us from carbon-based all-purpose computers, or transformation into jerrybuilt artifacts. It is one thing to evolve toward taller, brighter, more sociable beings; it is quite another to change or even lose our humanity. In my opinion, human beings will never choose to become posthuman. Professor Fukuyama got it right the first time. □

E.O. Wilson is university research professor and honorary curator in entomology at the Museum of Comparative Zoology, Harvard University.

Gertrude Himmelfarb:

I SUFFER from the professional deformation of the historian. Philosophers can see the eternal verities that transcend history. Political scientists can see the abstract processes that underlie history. Historians can only see history itself, the "epiphenomena" of history, it might be said pejoratively—the messy, unpredictable, contradictory, transitory, yet ineluctable facts of history.

Yet even historians can be seduced by grand theories. As a freshman in college, shortly after the beginning of the Second World War, I was privileged to hear a lecture by a distinguished historian, an expert on nationalism who happened to be a refugee from Germany. What we were witnessing, he assured us, was the last gasp of nationalism, an ideology in its death throes. That ideology was a vestige of nineteenth-century romanticism, which had barely survived the First World War and would surely come to an end in the Second, together with those other obsolete ideas, the nation-state and capitalism.

Shortly thereafter, another great historian, Fernand Braudel, found himself in a prisoner-of-war camp in Germany, and took the opportunity of his enforced leisure to write his monumental book on the Mediterranean world in the age of Philip II, a work designed to illustrate his theory of *la longue durée*—that history was shaped not by the interests, passions or ideas of men but by the "inanimate forces", the "deeper realities", of geography, demography and economy. The book, he later explained, was a "direct existential response to the tragic times" he was living through.

> All those occurrences which poured in upon us from the radio and the newspapers of our enemies. . . . I had to outdistance, reject, deny them. Down with occurrences, especially vexing ones! I had to believe that history, destiny, was written at a much more profound level.

"Vexing occurrences"—Nazism, communism, the Second World War, the Holocaust!

Francis Fukuyama's "End of History" is in the grand tradition of these grand theorists

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of history. Revisiting that theory ten years later, he continues to "outdistance" himself from, if not quite to "reject" or "deny", such vexing occurrences as the bloody nationalism in the Balkans, the unregenerate fundamentalism in the Middle East, the economic and political immaturity of much of Africa, the precarious state of the Russian polity and economy, the threat of terrorism (including nuclear and chemical terrorism) on the part of rogue states or rebel factions. Nor is he troubled by dramatic occurrences of another order, the sexual revolution, for example, or the breakdown of the traditional family, both of which have taken place not in remote or backward parts of the world but in the most civilized and advanced parts.

All of these seem not to impinge on what Fukuyama sees as the deeper reality of history, its "fundamental directionality and progressive character." Propelled by two "motors"—the first driving history toward a modern, market-oriented society, the second toward the "struggle for recognition" culminating in the "equal dignity" and "universal rights" of all human beings—history inexorably moves toward its end, the universal establishment of liberal, capitalist democracy.

The grand perspective has one great advantage: it opens up large and dramatic vistas that may not be otherwise discernible. If Fukuyama is not deterred by the kind of evidence that gives pause to a pedestrian historian—if the resurgence of nationalism, fundamentalism and the rest appear to him as mere blips on the screen of history, momentary lapses or regressions to an earlier stage of civilization—he is impressed by other events that clearly take us well into the future. Thus he faults himself for not having anticipated the effects of the extraordinary technological and scientific discoveries of the past few years, discoveries that, as he recognizes, may make liberal democracy itself irrelevant or obsolete. And here he provides not only an important corrective to his original thesis but also a valuable analysis in its own right.

The biotechnological revolution, Fukuyama says, is a revolution of unprecedented character, not the kind of incremental accretion of knowledge that conquers disease or provides us with the amenities of life, but one that is qualitatively different from anything we have ever experienced. Like the technological revolution, it is difficult to resist or control, in part because it acquires a momentum of its own, but also because its immediate benefits may override any consideration of its ultimate potentialities. And those potentialities are awesome indeed. For genetic engineering presents us with nothing less than the specter, as Fukuyama says, of a "new type of human being." And this is a far more radical vision than Hegel's "end of history" or Nietzsche's Last Man. It is, indeed, nothing less than the "end of man", the transcendence of human nature (and of nature itself).

In the meantime, we are caught between the vise of the old and the new—an old human nature that has given us all the goods that Fukuyama properly associates with liberal democracy, but also those "irrationalities" and "primitive passions" that liberal democracy was supposed to have subdued (but so conspicuously did not); and a new human nature that transcends, for good and bad, not only liberal democracy but any recognizable polity, society or history. □

Gertrude Himmelfarb is professor emeritus of history at the City University of New York. Her book, *One Nation, Two Cultures*, will be published by Knopf later this year.

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Robin Fox:

MY COMMENTS will be confined to the use of the Hegel-Kojève theory of history by Fukuyama, and the contradictions and weaknesses entailed in its use.

As a way in, let me examine a major contradiction. In his original article, Fukuyama announced quite clearly that in the Hegelian view, man was "the product of his concrete historical and social environment" and this was deliberately opposed to "earlier natural right theorists" who would have man "a collection of more or less fixed 'natural' attributes." It was, in other words, essential to the Hegelian view that "human nature" was malleable and changed as the successive eras changed. However, in this retrospective Fukuyama argues that the Hegelian theory must be "underpinned by reference to human nature"—indeed by a "fixed natural attribute" which is the Platonic *thymos*, the "struggle of the soul for recognition." In other words, *people by their very natures* crave status and recognition and this must be recognized along with the socio-economic and science arguments if we are to understand why history must end in universal liberal democracy. This is eating one's intellectual cake and having it: if we are to produce liberal democrats then "human nature" must be infinitely variable and a product of dialectically engineered historical contingencies; but we cannot have this result without human nature having a *fixed* element of *thymos*. This obviously opens up a Pandora's box of possibilities for equally determinative "natural attributes."

"Earlier natural right theorists" posited "fixed 'natural' attributes" existing, usually, in a "state of nature." But this state of nature was not an actual description of man before civilization (even Rousseau's "savages" were largely creatures of his imagination); it was a description of fixed natural attributes that suited the theory (usually a social contract theory) of the philosopher in question. This has been the case from Hobbes to Rawls: from the "war of all against all" to the "original position." Hegel claimed his share of the state of nature with his *thymos* and the antics of the "first man", another retroactive figure drawn from the logical requirements of his theory, not from natural history. The status struggles of the first man supposedly produced the "master-slave" relationship. But as we shall see, this came incredibly *late* in human history—almost yesterday.

Hobbes, Rousseau and Hegel were pre-Darwinian and pre-scientific. They did not know the time scale on which man was operating. They thought five thousand years a huge expanse of time and could not have even contemplated the necessary five million. Rawls, Fukuyama and other contemporary thinkers do not have that excuse. We do not have to theorize about "first men" or the "state of nature" any more. We can locate them in time and place, and with the help of archaeology, ethnography, paleontology, ethology and genetics, we can establish some of their main socio-behavioral characteristics. Any theory about our contemporary situation that only evokes *one* attribute, however important *thymos* may be, is seriously neglecting the long list of "natural attributes" that we can now establish. And even the "struggle for status"—as Fukuyama recognizes, but only in passing—is not exclusively human: our nearest relatives the chimpanzees have it. In fact *all* sexually reproducing organisms that indulge in mating competition have it, and a lot else. Man inherited this baggage and put his own twist on it during what Fukuyama recognizes as the "Era of Evolutionary Adaptation." (He means the "Environment of Evolutionary Adaptation" or EEA—the period during which the defining characteristics of a species evolve: for man the late Pleistocene or Upper Paleolithic.)

This brings us to the weakness of the theory, and indeed to all "philosophies of history." Fukuyama only recognizes one "correct" criticism, which is that he did not allow for seismic changes in science. In effect this is a special case of Popper's general refutation of all historicism: that one cannot predict

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changes in the conditions of change. But there is another weakness that I pointed out in the pages of this journal in direct criticism of Fukuyama (Winter 1992/93). I shall repeat the essence of it here: The fatal error of all concepts of "history" so far is that they take their definitions of the time period of "history" entirely for granted, and treat these arbitrary periods as wholly self-contained.

Fukuyama, for example, occasionally wonders if periods of history might simply be "blips" on the total scale. But what if the period he and others arbitrarily call "history" is itself merely a blip on the scale of "man's historical and social environment"? For that environment is not the five thousand years of the historian and the philosopher, but stretches back at least three and a half million years (to the first tools), and possibly up to five million or more and our break with the chimpanzees. To ignore this huge stretch of human history ("evolution" is simply history over long stretches of time when significant genetic changes occur) and to give privileged treatment to a mere few thousand years of good weather in a particularly warm interglacial, is to make an arbitrary cut-off as to where "history" begins—as well as to where it ends. For even if liberal democracy is indeed some kind of terminal point of this brief period, evolution will not come to a halt.

"History" in other words must be treated as problematic. It cannot just be assumed. Any accounting of the "inevitable" unfolding of history has to include all of what is now contemptuously dismissed as "pre-history" by the historians and philosophers. And in this perspective the whole of "recorded history" is indeed itself less than a blip, and the "triumph of liberal democracy" less than a flicker. The "fixed natural attributes" move to center stage, and even discussions of monumental scientific changes such as Fukuyama envisages will have to take place in *their* context, for it is with them that we are tinkering, and we should figure out what we are tinkering with before we again succumb to the hubris of thinking we can do anything.

The detailed implications obviously cannot be spelled out here. They are out there in my and other people's work that assumes the evolutionary context. But unless the utterly myopic social sciences, including history, take the whole human period into account, we shall never know whether "history" as they see it is anything more than a series of aberrations—including liberal democracy—that characterizes the brief and unusual interglacial in which we are trapped and which must soon (in geological time) come to its end. □

Robin Fox is University Professor of Social Theory at Rutgers University. Two of his books that bear most directly on these issues are *The Red Lamp of Incest: A Study of the Origins of Mind and Society* (1980) and *The Search for Society: Quest for a Biosocial Science and Morality* (1989).

Robert J. Samuelson:

HISTORY is not an exam question. It's chaotic, contradictory and immensely complicated. Even in retrospect, it's often unfathomable. As for the future, finding a framework is—in my view—virtually impossible. Francis Fukuyama's original essay and the ten-year retrospective dispute this. In many ways, these essays are dazzling. But because they attempt the impossible, I do not find them very useful as a guide to

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the future or a roadmap for policy.

There is, of course, a real void to be filled. For more than four decades, the Cold War imposed a framework on American thinking, providing us both with a threat and moral purpose. The post-Cold War quest has been to discover some similar formula to fuse national interests and ideals. In this sense, Fukuyama's original thesis aimed to fill the void. For all its apparent originality, it followed recent American tradition as exemplified by, say, the Marshall Plan and Henry Luce's essay "The American Century." Americans have always hoped that material prosperity would be a liberating and democratizing influence.

Fukuyama's new twist was to argue that what we wanted to happen had acquired a large element of inevitability. Peoples and societies whose histories and cultures were hostile to market economies and liberal politics had suddenly become converts—or were showing signs of becoming so. The implication for policy (it seemed) was that we should use our immense economic and political power to hasten the process. And this has been, I think, a centerpiece of U.S. foreign policy for much of the past decade. We have promoted freer markets and faster global economic growth through more trade and international investment on the theory that this would advance both our interests and ideals. For his part, Fukuyama glimpsed—again, in his original essay—a future in which historically dissimilar societies would, through the triumph of market economics and liberal politics, have more and more in common. As a result, the world would grow more peaceful and stable. Indeed, it might be bland and boring.

Where are we? Well, a decade is not very long. Perhaps a century from now Fukuyama's essay will be seen as brilliantly prophetic. The world will be bland and boring. I hope so. But I doubt it. One obvious problem with his theory is whether Fukuyama's world is stable on its own terms. The answer may be "no." What we call a "market" is simply an arena in which buyers and sellers, savers and investors, can engage in routine transactions. When these occur mainly within one society, market transactions flourish on a foundation of common laws, culture, language and customs. The more these transactions occur across borders—"globalization", a term that is virtually absent in the original essay but dominates the second—the more the foundation must be constructed.

The simplest explanation of the "Asian economic crisis" is that lenders and investors (mainly from the United States, Europe and Japan) on the one hand, and the recipients of loans and investments (mainly from "emerging" market countries) on the other, operated on different assumptions and goals—and misunderstood and exploited each other. As Fukuyama points out, there are formidable obstacles to the development of open markets within traditional societies. The same is true of cross-border markets. The possibilities for miscommunication and miscalculation are greater than within national markets, and they may be unmediated by governmental institutions. In the United States, we have the Federal Reserve, the Federal Deposit Insurance Corp. (deposit insurance), and the Securities and Exchange Commission (securities disclosure and trading regulations), to name a few. There are no international institutions with comparable power to oversee global markets.

Some free-market advocates regard this as an advantage, noting—correctly—that regulatory agencies routinely blunder and are often "captured" by the "special interests" they are supposed to regulate. But on balance—at least in the United States—the benefits of these agencies have outweighed the costs. They often help create market rules, establish political legitimacy and compensate for crises (particularly true of the Federal Reserve in financial crises). The international economic institutions we have—most prominently, the International Monetary Fund, the World Bank, the World Trade Organization—have performed fairly well, but their future is hardly certain. They face three obvious problems:

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1) If global markets expand, the power and responsibilities of these agencies may also need to expand—that is, they may have to wrest more power from national governments in setting rules for commerce, overseeing financial markets and intervening during crises. But there may be no consensus about precisely what should be done or whether it should be allowed.

2) Until now, these agencies—particularly the IMF and World Bank—have functioned in a fairly undemocratic way, with most power vested in unelected bureaucrats and the representatives of a few big countries (mainly, the United States). These arrangements could break down as more countries (particularly China, India and, possibly, Russia) become fully engaged with the world economy.

3) Countries accepted the authority of these institutions on the assumption that the global economy would grow rapidly—that benefits would ultimately outweigh the costs. But suppose that today's slow global economic growth were to be a harbinger of the future? What happens then?

In short, the global marketplace may be less benign than Fukuyama supposes. Technology also threatens its stability. Fukuyama depicts technology mainly as a force for good, lifting living standards and creating the economic and social conditions for a liberal political order. But modern technological societies are interconnected in ever more intricate ways that create mutual vulnerabilities. We may be exposed to cyber attacks, terrorism or simple breakdowns in other countries' computer systems. Large countries have, until now, enjoyed some protection by their sheer size. But spreading technology (including lower costs of acquiring weapons of mass destruction) may make global conflict more democratic.

These issues—and many more, including the durability of historic ethnic and cultural conflicts—raise doubts that history will end in blandness and boredom. The main drama, if we are to believe Fukuyama, will be whether the liberal democratic state triumphs. But the main story may lie somewhere else entirely. Here is one possibility: Fukuyama assumes that democratic societies will, on the whole, be stable. Perhaps they will. But they may also face internal pressures that alter the way they operate or even threaten their existence. For example, most European countries, Japan and the United States face rapidly aging populations that will compel them to reduce welfare benefits sharply for their elderly or face the prospect of much higher taxes or budget deficits—developments that could endanger their economies. How will societies cope with these stresses?

I can't predict; neither can Fukuyama. He seems to recognize the futility of his original exercise and, in this retrospective, acts like a man searching for some ingenious way to acknowledge its futility without agreeing with his critics or completely repudiating his original argument. How else to explain his excursion into science and biotechnology? It's fascinating, but it seems thoroughly disconnected from the rest of the argument. And that, of course, is the point. He contends that the future of science is indeterminate and that "History cannot come to an end as long as modern natural science has no end." True enough, though a lot of other things are equally indeterminate. But if it's good enough for Fukuyama, it's good enough for me. □

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Joseph S. Nye:

AS SOMEONE who always found Hegel (not to mention Kojève) impenetrable, I will leave others to judge the adequacy of Fukuyama's version of history in its Hegelian-Marxist sense of the progressive evolution of human institutions, as well as his speculations about biotechnology changing human nature. Instead, I will focus on his views of how economic modernization and technological change—particularly the information revolution—are transforming international politics.

Despite some worries in 1998, Fukuyama's ideas still look viable a decade later. There is no longer one single competitor to liberal capitalism as an overarching ideology. The major response and competitor to liberal capitalism is a diverse set of subnational, national and transnational identities loosely labeled "nationalism." Globalization and the information revolution are changing the environment of the interstate system, with both transnational integration and subnational fragmentation occurring simultaneously. Fukuyama's bet is that the integrative and democratizing forces will prevail in the race.

Other things being equal, he is probably right. The decentralizing effects of the internet will probably reinforce the trends he describes. Not all democracies are leaders in the information revolution, but many are. This is no accident. Their societies are familiar with the free exchange of information, and their systems of governance are not threatened by it. They can shape information because they can also take it. Authoritarian states, typically among the laggards, have more trouble. Governments such as China's can still limit their citizens' access to the internet by controlling service providers and monitoring the relatively small number of users. Singapore has thus far been able to reconcile its political controls with an increasing role for the internet.

But as societies such as Singapore reach higher levels of development, where more citizens want fewer restrictions on access to the internet, they run the risk of losing the people who are their key resource for competing in the information economy. Thus Singapore is wrestling with the dilemma of reshaping its educational system to encourage the individual creativity that the information revolution will demand, while maintaining social controls over the flow of information.

Another reason why closed societies will become more costly is that it is risky for foreigners to invest funds in a country where key decisions are made in an opaque fashion. Transparency is becoming a key asset for countries seeking investments. The ability to hoard information, which once seemed so valuable to authoritarian states, undermines the credibility and transparency necessary to attract investment on globally competitive terms.

Geographical communities still matter most, but governments that want rapid development will have to give up some of the barriers to information flows that have protected officials from outside scrutiny. No longer will governments that want high levels of development be able to afford the luxury of keeping their financial and political situations a secret.

From a business standpoint, the information revolution has vastly increased the marketability and value of commercial information by reducing costs of transmission and the transaction costs of charging information users. As Adam Smith would have recognized, the value of information increases when the costs of transmitting it decline, just as the value of a good increases when transportation costs fall, increasing demand by giving its makers a larger market.

Politically, however, the most important shift has concerned free information. The ability to disseminate information increases the potential for persuasion in world politics. NGOs and states can more readily influence the beliefs of people in other jurisdictions. If one actor can persuade others to adopt similar values and agendas, that is soft power.

Free information and soft power can, if sufficiently persuasive, change perceptions of

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self-interest and thereby alter how hard power is used. If governments are to take advantage of the information revolution, they will have to establish reputations for credibility amid the white noise of the information revolution. Democracies will do better than authoritarian states, but at the price of increased confusion. Cheap flows of information have created an enormous increase of channels of contact across state borders. Democratic states are more easily penetrated, and political leaders will find it more difficult to maintain a coherent ordering of foreign policy issues.

Even though there is evidence to support these effects of the information revolution and globalization, it would be a mistake to believe that such effects are irreversible. Technology is only one factor in a complex set of social causes. We should also ask what conditions these trends depend upon, and what it would take to slow, derail or reverse them. For example, would a strong and prolonged economic downturn lead to demands for government response that would alter marketization and globalization? Would "grand terrorism" or the equivalent of a domestic Pearl Harbor lead to a demand for intrusive government, even at the cost of civil liberties? Would the increasing power of states such as China, India or a revived Russia—particularly if accompanied by an expansionist ideology—transform the international system so that the defense functions of government would return to the Cold War model? Could ecological trends such as global warming become so clear and alarming that the public would demand much stronger governmental action?

Such scenarios are worth exploring both as contingencies as well as counterfactual thought experiments to check our reasoning about the strength of the practical rather than the philosophical causes that underlie Fukuyama's argument. So far so good on his central trends, but long before biotechnology changes human nature something unexpected may break the bottle. For non-Hegelians, there is no end of surprises in history. □

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And a Word From George

One effect of the ghastly history of the last twenty years has been to make a great deal of ancient literature seem much more modern. A lot that has happened in Germany since the rise of Hitler might have come straight out of the later volumes of Gibbon's *Decline and Fall of the Roman Empire*. Recently I saw Shakespeare's *King John* acted—the first time I had seen it, because it is a play which isn't acted very often. When I had read it as a boy it seemed to me archaic, something dug out of a history book and not having anything to do with our own time. Well, when I saw it acted, what with its intrigues and doublecrossings, non-aggression pacts, quislings, people changing sides in the middle of a battle, and what-not, it seemed to me extraordinarily up to date. And it was rather the same thing that happened in the literary development between 1910 and 1920. The prevailing temper of the time gave a new reality to all sorts of themes which had seemed out of date and puerile when Bernard Shaw and his Fabians were—so they thought—turning the world into a sort of super garden city. Themes like revenge, patriotism, exile, persecution, race hatred, religious faith, loyalty, leader worship, suddenly seemed real again. Tamerlane and Genghis Khan seem credible figures now, and Machiavelli seems a serious thinker, as they didn't in 1910. We have got out of a backwater and back into history.

George Orwell, BBC talk, March 1942

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Where Germany Has Never Been Before

Josef Joffe

IN THE fall of 1998, the career of Helmut Kohl, Germany's apparent chancellor-in-perpetuity, was terminated after sixteen years in power. Only Prince Bismarck, with nineteen years at the helm of the Second Reich, had ruled Germany longer. The defeat of the sixty-eight year-old chancellor ended not just a political cycle of extraordinary length. October 27, 1998, the day Gerhard Schröder was sworn in as the Federal Republic's seventh chancellor, marked the end of an era in German history.

Born in 1930, Helmut Kohl was the last chancellor who had actually experienced World War II, the surrender of the Third Reich, and the rebirth of West Germany under the loaded guns of the occupiers. While his successor Schröder was in grade school, Kohl witnessed the secular equivalent of transubstantiation: when victors turned into allies, when the most hated people on earth were granted a place in the community of Western nations. To this day, Kohl fondly recalls how his first dark suit, the one he wore on the night of his prom, had come out of an American CARE package—as had his wife-to-be Hannelore's gown. Unlike Schröder and his cohorts, Kohl was already an adult during the darkest days of the Cold War between the Berlin Blockade of 1948-49 and the Berlin Wall of 1961.

Today, Germany's foreign and defense policy is run by a trio of men born between 1944 and 1948 who have been formed by very different memories. Gerhard Schröder, the oldest, was seventeen when American and Soviet tanks faced each other across the freshly built Wall near the Brandenburg Gate in 1961. Rudolf Scharping, the defense minister, was fourteen. And Josef ("Joschka") Fischer, the foreign minister, was thirteen. But the dividing line between the Kohl and Schröder generations is not just a matter of biology.

In the early 1970s, Gerhard Schröder was head of the *Jungsozialisten* in Hannover, the youth organization of the Social Democratic Party (SPD). Compared to the "*Jusos*", the American Students for a Democratic Society seemed like a well-kempt bunch of Ayn Rand acolytes. Later, as national *Juso* chairman, the young "Marxist", as he called himself, would pooh-pooh classic Social Democratic attempts to reform capitalism, demanding instead the "abolition of our current economic system." During the same period, Fischer, the trio's youngest, was teaching urban combat tactics to his comrades from the *Revolutionärer Kampf* ("Revolutionary Struggle") in the Frankfurt woods. The targets of their rock attacks were the "pigs" and, occasionally, the institutions of "American imperialism" in Frankfurt. Rudolf Scharping, Germany's current defense minister and also a former *Juso* leader, was

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almost expelled from the Social Democratic Party for distributing flyers badmouthing the *Bundeswehr*, the Federal Armed Forces.

All three came of political age in the heady Sixties when they imbibed pretty much the same ideological brew in the "anti-imperialist struggle" against the Vietnam War: anti-capitalism, anti-Americanism and "anti-anti-communism", plus what the French call *tiers-mondisme* (especially of the "anti-Zionist" variety) and contempt for "bourgeois" political virtues such as moderation, compromise and pluralism. They grew up in a political milieu where it was licit to express at least hedged sympathy for those like the Red Army Faction who would push the "revolutionary struggle" all the way to arson, abduction and armed terror.

From Youth to Middle Age

SO WHERE is that trio now? Is ideology really destiny? Of course not. Indeed, nothing can be more heartening to worried Germany watchers than the wondrous transformation of Schröder and colleagues as they moved into middle age and the middle of the road. Phenomenologically at least, the mutation was nothing if not spectacular. Schröder, the former *Juso* radical, now sports Hermès ties, and the only thing remotely "red" about him is his pricey Cuban Cohiba cigars. Since moving to the head of the Foreign Office, Fischer has been wearing only gray three-piece suits; when sworn in as ecology minister in his home state of Hesse in 1985, he was still sporting jeans and white Nike running shoes for a little *épater les bourgeois*. Sending his *Bundeswehr* boys off to their staging areas in Macedonia in early 1999, Scharping looked as if he had worn army fatigues all his adult life. Yet after high school, he served only for a few months. While his cohorts were putting in their obligatory eighteen months, Scharping managed to get out of the barracks and into the university.

The *Bundeswehr* makes for the crudest irony of them all. At the beginning of the air campaign against Serbia in March 1999, it was the Red-and-Green Schröder-Fischer government that sent German strike aircraft into combat for the first time since World War II. Half a century after Adolf Hitler had taken his armies to the gates of Moscow and Cairo, it was a coalition of leftists and pacifists that dispatched German combat troops to the Balkan theater. Only four years earlier, Helmut Kohl, the pro-Western conservative, had established as holy writ that "the *Bundeswehr* shall not tread where the *Wehrmacht* has conquered."[1] All gone and forgotten now—discarded by leaders whose parties in the past had gone to the brink of insurrection over such matters.

Let us briefly glance backward to savor the full flavor of this astounding reversal. In the early 1950s, the Left, spearheaded by the Social Democrats, had marshaled all the weapons of mass mobilization to halt West Germany's rearmament and its entry into NATO. Though the party lost the contest by losing the elections of 1953 and 1957, it resumed the struggle even more passionately in 1958 when the *Bundeswehr* began to acquire nuclear delivery vehicles (for atomic munitions under U.S. control). In the late 1970s, the "neutron bomb" rekindled—and remolded—the peace movement. Traditionally a broad coalition of Social Democrats, organized labor and the churches, the movement began to sprout a "green" wing. So by 1980, when Joschka Fischer's Greens were founded, German pacifism had its very own party. Red and Green now fought together against Pershing II and cruise missiles, putting hundreds of thousands of protesters on the streets in 1981 and 1982. Though the Left failed again and the missiles were deployed on schedule, it did manage to bring down a chancellor in 1982—their very own comrade

[1]At the Wehrkunde Conference in February of 1995—to which a wag in the audience responded: "That doesn't leave very many places to go in Europe, Mr. Chancellor—Switzerland, Portugal, Sweden and Ireland."

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Helmut Schmidt who would not yield to the pacifist-neutralist nationalism that was then engulfing the SPD.[2]

In 1991 during the Gulf War, the truest believers on the Left hung white sheets from their windows, while the Kohl coalition wiggled out of military participation by giving $10 billion in tribute to the United States. Nor was his Center-Right government any more eager than the Left to put German forces into harm's way in the Bosnian theater. Indeed, the Kohlists kept hiding behind the lore invented by Helmut Schmidt and his Foreign Minister Hans-Dietrich Genscher in the early 1980s in order to evade naval duty in and around the Persian Gulf during the Iran-Iraq War. This dogma conveniently claimed that the Basic Law had rendered out-of-area missions strictly verboten.

Accordingly, the Social Democrats went all the way to the Supreme Court in 1994 to block German officers from serving in NATO's AWACS planes circling the skies over the former Yugoslavia—on the somewhat specious grounds that these would not only track hostile planes but also relay the order to shoot them down. And that would be out-of-area combat. Only after the Constitutional Court dismissed the "defense only" interpretation of the Basic Law in 1994 did the Bundestag authorize the dispatch of German peace-enforcing troops to Bosnia. It was only four years later, under the very aegis of those who had most bitterly fought all things military and nuclear in the fifty years past, that German Tornado strike aircraft actually loosed shots in combat.

Looking back, Defense Minister Scharping now thunders: "Never again must [Europe] fail as it did in the Balkans a few years ago." He now claims that "the SPD never interpreted security merely as defense against an aggressor"—as his party had done for twenty years by condemning any action beyond national and alliance self-defense as unconstitutional. The former anti-Pershing protester has only the kindest words for the alliance: "We owe decades of freedom, peace and safety to NATO." In a parliamentary debate on the Kosovo war, his Chancellor Schröder told the House: "Before the background of our German history, there must be no doubt about our reliability, decisiveness and firmness." For only a "solid front of the entire international community will bring Milosevic to reason." And there shall be "no German *Sonderweg*"—no separate road that would lead Germany away from its Western obligations.

Today Scharping points out that the West perceives the Red-and-Green coalition in a "completely different light", "precisely as the opposite" of what it used to fear. How shall we crack this amazing paradox of a left-wing government turning on its own deeply held beliefs? Indeed, how to explain that Red-and-Green, by ordering German forces into action out-of-area, dared go where even Kohl's conservatives had refused to tread? Why, of all people, would old-time NATO and America bashers like the SPD and Greens lead Germany into a war managed and munitioned by the United States?

Adapting Ismay's Dictum

THE PARADOX of Germany's Western ties affirmed becomes more vexing still if one applies a neorealist perspective to post-Cold War European affairs. As early as 1990, it was argued that the demise of bipolarity would return Europe to a multipolar order of five competing major powers that would be "more prone to instability."[3] In other words, no more NATO and no

[2]Schmidt was toppled indirectly—by his junior coalition partner, the Liberals, who absconded to Helmut Kohl's Christian Democrats when they realized in the fall of 1982 that Schmidt was no longer in control of his own party.

[3]These would be Britain, France, Germany, perhaps Italy and the Soviet Union. As argued by John J. Mearsheimer in "Back to the Future: Instability in Europe After the Cold War", *International Security* (Summer 1990).

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more United States qua European power. More recently, it was argued in these pages for the *n*th time that NATO is doomed—the victim of victory in the Cold War. For either "gone or eroding" are those "three unifying forces" that held the partnership together—the Soviet threat, America's economic stake in Europe, and a generation of Atlanticist leaders on either side of the ocean.[4]

To be sure, the Soviet threat is no more. It is also true that U.S. trade with Asia is now one and a half times larger than with Europe. But the latter for many years has been in slight surplus, whereas America's permanent deficits with China and Japan are a constant source of political irritation. Here are some other interesting numbers: in 1998 Europe's investments in the United States quadrupled compared to 1997, while American acquisitions in Europe doubled.[5] This hardly bespeaks a loss of economic interest in each other. As to generational change, the more interesting observation relates once more to the dog that did *not* bark. To stretch the metaphor a bit: not only did Schröder, Scharping, et al. not bark, but they have been making the most friendly noises when facing the United States and the alliance. The same holds true for Tony Blair and Labour and, amazingly, even for the post-communist D'Alema government of Italy.

Though Soviet power is gone, structure is not always destiny, at least not in the medium term that is now ten years old. Something seems to have happened to the iron law of history that says, "Alliances die when they win." NATO, of course, *should* be dead by now, ten years after victory. The Soviet-American compact against Hitler, for instance, hardly outlasted Germany's surrender. The World War I entente against Germany was practically defunct by 1923, four years after Versailles. And the all-European coalition against Napoleon that brought France to its knees in 1815 had unraveled by 1822.

How shall we explain that events have refused to obey what history and theory (at least the neorealist brand) apparently prescribed? The best way is precisely in the language of neorealist theory. Structurally—in terms of the distribution of power—NATO's functions have always followed the immortal words of Lord Ismay, its first secretary-general: "To keep the Russians out, the Americans in, and the Germans down." Strangely enough, these may be precisely the reasons that—suitably refurbished—still provide the triple *raison d'être* of the Atlantic Alliance.

Keeping the Russians Out: Russia is down and out as a state and as an economy, and likely to remain so for the next quarter century. Yet one thing will never change. Russia is simply too "big" for Europe. It retains thousands of nuclear weapons and, though dependent on the munificence and goodwill of the West, it has not always played a role in Europe consistent with that of a responsible great power—especially when acting as tacit protector of Serbia and Saddam. Hankering for its lost power and once more unsure of its mission in the world, Russia will be many things—but not a predictable factor of stability in Europe. Russia is, has been and will be a problem in the European balance, and so NATO with its Atlantic anchor is, has been and will be the critical counterweight—until Europe can discharge that task by itself.

Keeping the Germans Down: Evidently, this function changed long ago to "keeping the Germans integrated." But even in the new setting, this function has not lost its claim on

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[4]Stephen M. Walt, "The Ties That Fray", *The National Interest* (Winter 1998/99). I have made a similar but differently argued case in "Is There Life After Victory? What NATO Can and Cannot Do", *The National Interest* (Fall 1995). These dire predictions about the imminent demise of NATO have a tradition—one to which I have contributed. See, for instance, my "Europe and America: The Politics of Resentment, Cont'd", *Foreign Affairs—America and the World, 1982* (Spring 1983).

[5]See "The Atlantic Century?", *Business Week* (European edition), February 8, 1999, esp. p. 29, for a diagram of investment flows.

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the future, especially—and this is a point worth stressing—in terms of *German* interests. No. 1 and in the middle, the country is again too big to be left alone, and not big enough to go it alone. But this time the Germans know it. Multilateralism and community remain unwritten articles of their constitution. The Germans realize full well that NATO and the United States reassure everyone else by shortening the shadow of German power that has lengthened considerably since reunification and the retraction of Soviet/Russian power.

NATO's subsidiary function is not only well understood, but welcomed by the intelligent part of the political class. People like Foreign Minister Fischer go even further by routinely stressing the powerful connection between Germany's democracy and its *Westbindung*, its community with the West. "If we turn our back on that community, we might jeopardize our democratic revolution—the first in German history that worked." "To me", Fischer insists, "the West is an indispensable insurance against the return of German nationalism."

The more reassured everyone else is, the easier it is for them to live and cooperate with the giant in their midst. The giant's clout is fed mainly by "soft power"—economic strength, cultural influence and geographic centrality. But "soft power", Germany's greatest and most profitable asset, works best when "hard power" is devalued, because classical security problems have virtually disappeared. NATO helps keep it that way because it still provides the most solid barrier between the Europeans and the renationalization of their defense—historically the most powerful source of rivalry, conflict and war. To remain integrated, to produce security collectively, is good for Europe and good for Germany, and the Germans will accept—nay, cherish—such a set-up as long as it is available.

Keeping the Americans In: Even with a reduced strategic threat, it is not at all clear whether there can be European security without Atlantic security. Europe has flourished because the United States has essentially become a European power—and Europe did not flourish, as in the first half of this century, when American power was not part of the balance. Moreover, everybody from Lisbon to Lodz wants the Americans in—even the cranky French who, deep in their hearts, want to keep the Americans (at least half of the time) as a counterweight to Germany, and as a reinsurance against Russian power.

The sorry record of Europe's attempts since 1991 to generate European security on its own—especially in the War of the Yugoslav Succession—has added a very practical dimension to these concerns. Lord David Owen, the former EU representative for Yugoslavia, said it all when he mused: "This was going to be the time when Europe emerged with a single foreign policy and . . . it unwisely shut out an America only too happy to be shut out." As I have written in another context, while others

> may resent America's clout, they have also found it useful to have a player like the United States in the game. . . . In the language of 'public goods' theory: There must always be somebody who will recruit individual producers, organize the startup and generally assume a disproportionate burden in the enterprise. That is as true in international affairs as it is in grassroots politics.[6]

The moral of the Bosnian War of 1992-95 and its Kosovo sequel of 1999 is still the old one. While EU-Europe matches if not exceeds the United States in terms of economic, demographic and many military resources, as a strategic actor it remains less than the sum of its parts. Fifteen wills, alas, do not add up to one Big One. There is also an unyielding technical problem. In spite of its wondrous *richesse*, the EU has not been able to generate the military hardware that counts. Europe has neither long-range logistics (ships and transport aircraft), nor long-range intelligence (spy satel-

[6] "How America Does It", *Foreign Affairs* (September/October 1997), p. 26.

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lites plus evaluation capabilities), nor long-range throw-weight (cruise missiles and precision munitions delivered by strategic aircraft). Europe at this point is not equipped to fight a Yugoslav-style war on its own, let alone anything bigger at a farther remove like the Gulf. And because it does not wield the clout, it cannot even begin to impress the Milosevics of this world. The difference between being hit by a British or German Tornado and an American F-16 is critical. Behind those Tornados stand but medium powers; behind the U.S. Air Force plane in the Balkan skies stands a superpower that can hurl all the ordnance in the world without having to expose itself to counter-fire.

A Team Player at Last

THE FOREGOING has tried to elucidate some general continuities—in particular, why an alliance apparently doomed by theory and history continues to flourish ten years after victory. Instead of succumbing to a drastic downward shift of demand (the decline of the strategic threat), NATO has successfully opened new markets (via eastward enlargement) while hawking new products (peace enforcement in the Balkans). A more specific question is this: On this new post-bipolar stage, why does Germany continue to declaim from a familiar script? Let us sharpen the paradox: Germany has suffered from more constraints in the Cold War than any other nation in Europe; hence, it has gained more freedom than anyone else in the aftermath. So why does Germany insist on acting as avatar of continuity? Why not act more like Britain or France?

In fact, this is precisely what the new Schröder government tried to do right after assuming power. Taking a page out of Margaret ("I want my money back") Thatcher's book, Chancellor Schröder used interesting language in pushing for a cut in Germany's huge contribution to the EU (DM22 billion, roughly $13 billion net per year). More than half of the money "being frittered away" by the EU was coming out of German coffers. "In the past, compromises [in the EU] were often only reached because the Germans paid for them. This policy has come to an end", Schröder stated in an interview this year. And why? Because the times had changed. "Now one could be less inhibited about pursuing one's interests than in the past."

Less inhibited, perhaps; more successful, no. When the returns were counted in time for the EU's Berlin summit three months later, very little the Schröderites wanted had really come about—neither a cut in the EU's agricultural budget nor in Germany's net contributions. For that policy to "come to an end", Germany would have had to take on France, the main profiteer of the agricultural support system, plus the Mediterranean countries and Ireland, the beneficiaries of the EU's "cohesion" and "structural" funds.

Why not go to the brink if Germany had shed those Cold War fetters that demanded deference to France and unrelenting generosity to the EU as a whole? Because No. 1, with the largest resource base, always has to pay more. Nor is this so painful, given that the biggest power usually profits most from the common institutions—as Germany, the world's second-largest exporter, does most obviously from the vast common market that is the EU. "The more we pursue our interests multilaterally, through Europe", Foreign Minister Fischer postulates correctly, "the more we'll get for ourselves." You do well by doing good for others is the message. Not bad for a great regional power that has learned in the most painful way that, in the new game of peaceful penetration, cell phones and wingtips are so much more useful than Panzers and jack boots. "We have to do for Europe in order to do for ourselves", reiterated Fischer in a conversation I had with him in February, adding just with a hint of a smile: "We lead from the second row, but we are doing quite well there."

So Germany does not have to write a new script and don a new costume. Germany is like a Gulliver who *likes* his ropes. In his mind

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are etched two commanding lessons from history. Whenever he struck out on his own, he reaped not hegemony but ever larger disaster, as in 1914 and 1939. But when he accepted the bonds of multilateralism and community in all things economic and military, he flourished beyond belief.

Such twin lessons are not easily unlearned, and the speed with which they were internalized by a new government supposedly free of yesteryear's restraints may well serve as a testimony to their strength and endurance. But why not at least maneuver a bit more freely now that Germany's excruciating dependence on the West has vanished along with bipolarity? The short answer is this: there is no need for post-Cold War Germany—the "Berlin Republic", if you wish—to stray from the mainstream of Western policy.

What is it that has routinely drawn Germany to *Schaukelpolitik*, the policy of maneuver and balance between East and West? First of all, a strategic geography that menaced Germany from both sides—the notorious *cauchemar des coalitions*, as Bismarck called it. So maneuvering was often a condition of survival. Beyond necessity, there was sometimes enticement: a Russia that not only posed a threat, but also offered a temptation. But whether threat or temptation, Russia would invariably instill a propitiation reflex in modern German *Ostpolitik*. And at no time was this reflex more compelling than in the post-1945 period. For in those decades, the Soviet Union was perfectly positioned in the twin role of blackmailer and briber.

The best Soviet armies were ensconced some thirty miles from the gates of Hamburg, and Germany was the most exposed, hence most vulnerable, member of the Atlantic Alliance. If that existential threat was ever ignored by Bonn, the Russians could always resort to West Berlin, a convenient lever located deep inside Russian-controlled territory. All the way to the Battle of the Euromissiles from 1977-86, Soviet pressure campaigns against the West focused first and foremost on West Germany, playing on the country's angst as designated target of abandonment by the West or extinction by the Soviet Union.

Bonn's propitiatory instincts grew stronger still once the "New *Ostpolitik*" in the early 1970s launched a cooperative relationship with the Soviet Union and its satraps. Moscow held the key to East Germany and Eastern Europe, and so access required good behavior on Bonn's part as it sought to lower the barriers of partition between the two Germanys. Hence "Genscherism", hence an enduring détente imperative that led to repetitive clashes between Washington and West Germany over Afghanistan, gas pipelines, the Moscow Olympic Games, INF and SNF.[7] For renewed Cold War would only refreeze what the New *Ostpolitik* had so painstakingly thawed in the attempt to overcome the intra-German confrontation along the Elbe River.

The propitiatory impulse has by no means disappeared. Consider, for example, the stubborn insistence of the Schröder-Fischer government on bringing the Russians into the Balkan peace process and on making NATO "out-of-area" operations contingent on a mandate of the UN Security Council (where Russia wields a veto). But the reflex has obviously weakened. With reunification achieved, Russia no longer has anything to offer. And with the retraction and collapse of Russia's military might, Moscow now has far less with which to threaten Germany.

This, then, is the single most important change in Germany's strategic geography. It helps to resolve the paradox of a Red-and-Green government sending the *Bundeswehr* into harm's way. No matter how many hundreds of thousands of people the Milosevic regime might have uprooted, Germany would not have gone into action while

[7] INF stands for "intermediate-nuclear forces" like Pershing II and ground-launched cruise missiles, SNF for short-range forces like Lance and follow-on to Lance.

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Soviet/Russian power remained intact. For German pacifism has always rested on two sturdy pillars of realpolitik. First, the Soviets could always have retaliated against Germany's Central European détente, rending the carefully nurtured fabric of intra-German relations. Second, there was the fear of entrapment in a peripheral conflict that would ignite a general European war in the center, with Germany as prime battlefield and victim. But those motive forces no longer exist. Germany, in other words, need not walk a *Sonderweg*, not at least for the time being. It need not deviate from the Western way, for the demise of Soviet power has removed both threats and temptations from Germany's strategic geography.

Strategic Equilibrium

STRUCTURE HAS not been destiny—not yet, after ten years. The major relationships forged in the 1940s and hardened by decades of bipolarity have not passed into history. Why is this? First, because, as argued earlier, the basics have not changed that much and there is still a lot of functionality in those bonds. And second, because where structure-qua-distribution-of-power has changed most drastically as a result of the Soviet collapse, it has actually made it easier for Germany to sail in the Western mainstream.

Theory and history predict that allies will balance against a No. 1 (the United States) that is no longer constrained by an equivalent No. 2 (the Soviet Union). But in this instance they have not done so. No one in Europe has joined France and Russia in their intermittent, half-hearted attempts to protect, or side with, declared foes of the United States like Iran, Iraq or Serbia. None other than the French calls America a *hyperpuissance* whose power must be reduced by the harsh discipline of multipolarity.

The reasons are plain: America is more needed than feared, and while carrying a unipolar stick, it usually speaks quite softly. Not even the French have tried to forge a real countervailing compact; indeed, when the crunch was on, as in Kosovo in early 1999, the French without so much as a side-swipe joined the American-led alliance against Belgrade. What we do observe, though, is the usual economic rivalry dating back to the 1960s, as well as a more recent phenomenon that might be labeled "psychological balancing."

One manifestation of the latter tendency is the euro, which many Europeans have celebrated not as an agent of economic efficiency or monetary stability, but as a bulwark against the almighty dollar and as a weapon that would turn Europe into the monetary equal, if not superior, of the United States. Another means of psychological balancing involves unending calls for a common defense identity that would at last allow the EU to act militarily without the United States; just to celebrate the ambition must soothe souls riled by Europe's repetitive failure to take care of business in the Balkans. A third palliative is an old acquaintance dating back to the nineteenth century: the moral and cultural denigration of the United States. The most striking recent example is the reaction to the execution in Arizona of two brothers of German origin, Walter and Karl LaGrand, for a murder committed in 1982. Hardly noticed in the United States, this episode unleashed huge waves of resentment in Germany, prompting German politicians of all stripes to condemn the United States as a morally retrograde "stronghold of barbarism."

Such instances of pseudo-balancing against the "last remaining superpower"—the assertion of great strategic ambitions and of cultural superiority—bespeak unease, perhaps even subliminal fear and a need for emotional compensation. But because the level of Euro-American transactions and dependencies actually keeps rising, these phenomena may well be a substitute for the real thing: the fraying of ties and the parting of ways.

Certainly, this reassuring assessment seems to fit Germany better than most. Comfortable in its standing and power, it

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need not emulate those French antics that reflect the loss of strategic weight and cultural pre-eminence. There are no fines in Germany for calling a brush-and-water contraption a "car wash" rather than an "*Autowäsche*." Instead of being fought with the force of law, English is deliberately promoted as a working language in companies and universities. American investments are welcomed, not blocked, by the government.

Germany is in a position of grand strategic equilibrium. The reunified nation, though it remains in the same geographic location, is where no Germany has ever been before: comfortable with its possessions and unchallenged by its neighbors. Or as Defense Minister Rudolf Scharping put it: "For the first time in its history, Germany is surrounded by friends and partners." In such an august state, nations do not lightly deviate from the policies that brought them there as long as new threats and temptations do not arise.

In a system that works, continuity rules. One factor is obviously NATO and the U.S. security tie, which serves as insurance against the resurgence or collapse of Russian power and which helps to take the sting out of Germany's weight and centrality in the European balance. A second is a Continental option, as embodied in the special relationship with France. Though Germany no longer needs France as legitimator and secondary protector, interests continue to dovetail, for each regards (and manipulates) the other as an indispensable partner in the leadership of Europe.

A third element, which helps to limit dependence on France, is Germany's subsidiary British tie. The reason is that some German interests—like freer trade or the eastward extension of the Western communities—are better served by London (and The Hague) than by a Paris beholden to Little Europe ambitions. Anglo-German relations have in fact warmed up under the "Third Way" duo of Tony Blair and Gerhard Schröder. Fourth is the traditional Russian connection—though greatly scaled down because Moscow now has very little with which to blackmail or to bribe Germany. It is rather the fear of Russian weakness—the specter of "Weimar Russia"—that makes for solicitous (and worried) attention. Fifth and finally, the stabilization of Germany's East European hinterland is the easier and more profitable task. Economically, these countries are Germany's "Mexico": next door and with favorable wage-to-productivity ratios. Their markets are ideally suited for penetration, but that requires political stability. Hence Germany, like the United States, will try to integrate the East-Central Europeans into the EU and NATO while taking care not to do so too blatantly for fear of alienating Russia.

In the absence of a strategic threat, Germany will try to do what it knows best: to play on its surfeit of "soft power" while eschewing for as long as possible the ways of a traditional great power and the use of force for strategic purposes. And why not? If a country is surrounded only by friends, it will seek to keep them. If it enjoys a setting no longer overshadowed by prospects of major war, it will strive to preserve it. For this is a wondrous system indeed: permissive, peaceful and (still) protected from the turmoil that continues to grip the rest of the world.

Pourvu que ça dure—provided that it lasts—as Napoleon's mother-in-law used to caution. □

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China's Hollow Military

Bates Gill and Michael O'Hanlon

HOW GOOD IS China's military, and how much should the United States care? There are ample grounds for addressing these questions. In 1995, and then again in 1996, the People's Republic of China (PRC) splashed missiles off the Taiwanese coast. It also reinforced military facilities on the Spratly Islands, which China claims although they are hundreds of miles from its shores. More recently, the PRC has undertaken a steady build-up of short-range missiles opposite Taiwan—hardly, it seems, a benign development, particularly when considered alongside President Jiang Zemin's presumed goal of reuniting Taiwan with the Chinese mainland during his tenure in office. And now these questions have been given a new urgency by the espionage allegations contained in the Cox report.

The PRC, then, has demonstrated a number of intentions and aims that warrant close American attention. The ongoing dispute over Taiwan, for example, is ripe for troublesome misperception. Chinese ambitions toward the Spratly Islands do not converge with U.S. interests or, for that matter, with those of nearby countries. The PRC continues to criticize harshly America's global alliance system and its assertive foreign policy. More generally, Beijing appears poised to translate its growing economic power into greater military strength and geopolitical weight, as indeed a Chinese defense white paper acknowledged last year.

Despite all of the above, we believe that the recent clamor over China's strategic ambitions is greatly overblown. Most of the Chinese aims that run counter to U.S. interests are in fact not global or ideological but territorial in nature, and confined primarily to the islands and waterways to China's south and southeast. In addition, Beijing has recently taken a number of steps to cooperate with the United States on security matters: signing the Chemical Weapons Convention and nuclear test ban treaty, terminating its assistance to nuclear facilities in Pakistan, pledging to cut off ballistic missile transfers to Pakistan as well as nuclear and anti-ship cruise missile trade with Iran, and quietly restraining the North Koreans. Moreover, China is plagued by enormous socioeconomic problems, whose solution requires maintaining good relations with the world's major economic powers—and with the United States in particular.

That said, our main focus in this article is less on the PRC's intentions, always subject to change in any event, than on its military capabilities. An enormous gap separates China's military capabilities from its aspirations. The PRC's armed forces are not very good, and not getting better very fast. Whatever China's concerns and intentions, its capacity to act upon them in ways inimical

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to U.S. interests is severely limited, and will remain so for many years.

To begin with, consider some basic facts: China remains a developing country, with per capita income levels—even after twenty years' growth of historic proportions—only about one-tenth those of the West. China's living standards trail even those of American adversaries such as Iran, Yugoslavia and pre-Desert Storm Iraq. It faces enormous challenges in its agricultural, environmental and banking sectors, which its arteriosclerotic central government is ill-equipped to address.

Looking at these facts, the new commander-in-chief of U.S. Pacific forces, Admiral Dennis Blair, has declared that China will not represent a serious strategic threat to the United States for at least twenty years.[1] In almost every respect, China's armed forces lag behind the U.S. military by at least a couple of decades; in many areas they even compare poorly with the "hollow force" that the United States fielded in the immediate wake of the war in Vietnam.[2] And on matters ranging from the professionalism of its officer corps and troop morale to training and logistics, China's military is in even worse shape than that.

An Empty Threat

CHINA WIELDS by far the world's largest military, with 2.8 million soldiers, sailors and airmen—twice the American number. (The United States is number two; the only other countries with more than a million active duty troops are China's neighbors—Russia, India and North Korea.) Yet China's military was a full million people stronger in the 1980s—before PRC leaders recognized that its size actually worked against their aim of developing a modern force. Raw size is deceptive. Two million of China's soldiers serve in the ground forces, where their primary responsibilities are to ensure domestic order and protect borders—not to project power. Then, too, the Pentagon estimates that only about 20 percent of those ground forces are even equipped to move about within China. A still smaller number possess the trucks, repair facilities, construction and engineering units, and other mobile assets needed to project power abroad.[3]

In China's ever expanding defense budget, which has grown by more than 50 percent in real terms over the course of the 1990s and is to increase 15 percent this year, there is also less than meets the eye. Much of this year's increase represents compensation to the Chinese armed forces for divesting themselves of their many business operations, which sapped China's military readiness. Even with these increases, China's announced defense budget will still only total about $12 billion, less than 5 percent of the U.S. figure.

Of course, that $12 billion figure does not capture all Chinese military spending. It does not include spending on foreign arms purchases, nuclear weapons development, most of China's military research and local militias. Nor does it account for subsidies to China's ailing defense industries, or administrative costs such as demobilization and pensions. Taking these additions into account, and adjusting for purchasing-power parity effects—admittedly a difficult and imprecise business—China's actual defense expenditures are generally estimated at somewhere between $35 billion and $65 billion a year.[4] But these

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[1]Paul Mann, "Spy Charges Jeopardize China's Trade Status", *Aviation Week and Space Technology*, March 15, 1999, p. 26.

[2]Ronald N. Montaperto, "Reality Check: Assessing the Chinese Military Threat", Defense Working Paper No. 4 (Washington, DC: Progressive Policy Institute, April 1998), p. 10.

[3]William S. Cohen, "The Security Situation in the Taiwan Strait", Report to Congress pursuant to the FY99 Appropriations Bill (Washington, DC: Department of Defense, 1999), p. 11.

[4]The higher number is the latest U.S. government estimate. The U.S. estimate is similar to the World Bank's, whereas the IMF and the International Institute for Strategic Studies in London come in at the lower end of the range.

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are still modest numbers—especially for such a huge military. Even at the higher estimates, China spends less than 25 percent of what the United States spends on defense, while supporting a force twice as large.

This basic disparity will not change anytime soon. First, as noted, China faces enormous economic challenges that limit its ability to fund a military expansion. Second, even if China begins to close the gap with the United States, it starts from a position of marked inferiority. The United States owns a "capital stock" of modern military equipment valued at close to $1 trillion; China's corresponding figure is well under $100 billion. As such, one can see why a recent study concluded that the Chinese military would have to increase spending on hardware by $22-39 billion annually for ten years to wield a force capable of significant power projection.[5] Further, this estimate does not take into account the additional investments that would be required to man, train, deploy and sustain such a modern force. China is in no position even to attempt this scale of effort.

Weapons and Training

AS CONGRESSMAN Barney Frank has sardonically observed, China did recently acquire its first aircraft carrier. But it then immediately anchored it in Macao and transformed it into a recreation center. So much for the next great hegemon's efforts to launch a blue-water fleet by the turn of the century.

More detailed assessments of Chinese military capability and readiness tell a similar story. Consider China's combat air force. Though roughly equaling the aggregate air power numbers of the United States, China's air forces include only a few dozen so-called "fourth generation" combat aircraft and only a couple hundred "third generation" aircraft. The rest rely on 1960s or even older technology. By contrast, all of the U.S. Air Force, Navy and Marines' 3,000-plus fighters are fourth generation models. China's projected fourth generation arsenal in the year 2005 is expected to include perhaps 150 fighters—by which point the United States will have purchased 300 "fifth generation" aircraft.[6]

Two additional factors render an even bleaker assessment: supporting equipment and overall military readiness. First, as a recent Pentagon report observed, the PRC's air forces possess minimal aerial refueling capabilities, poor surveillance aircraft and a behind-schedule program to acquire airborne warning and control planes.[7] Second, and as another Pentagon report describes, the electronic warfare capabilities of the PRC air force are "extremely limited by western standards."[8] Programs are underway in China to improve certain specialized capabilities, such as the use of space, long-range precision strike, and other "strategic dimensions of warfare."[9] But the PRC continues to have trouble modernizing its forces. What passes in the literature as "capabilities" are often better understood as long-term aspirations.

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[5] Bates Gill, "Chinese Defense Procurement Spending: Determining Chinese Military Intentions and Capabilities", in *China's Military Faces the Future*, ed. James Lilley and David Shambaugh, (M.E. Sharpe, forthcoming).

[6] Lane Pierrot, *A Look at Tomorrow's Tactical Air Forces* (Washington, DC: Congressional Budget Office, 1997), p. xiv; Office of Naval Intelligence, *Worldwide Challenges to Naval Strike Warfare* (Washington, DC: Department of the Navy, 1996); and Lane Pierrot et al., *Planning for Defense: Affordability and Capability of the Administration's Program* (Washington, DC: Congressional Budget Office, 1994), p. 22.

[7] Cohen, op. cit., pp. 6, 13.

[8] William S. Cohen, "Future Military Capabilities and Strategy of the People's Republic of China", Report to Congress pursuant to the FY98 National Defense Authorization Act (Washington, DC: Department of Defense, 1998), p. 8.

[9] See Mark Stokes, *China's Strategic Modernization: Implications for U.S. National Security* (Colorado Springs, CO: Institute for National Security Studies, October 1997).

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As for the caliber of China's military manpower, it is hard to be more damning than the Pentagon's most recent report on PRC military capabilities. It acknowledges that Chinese troops are generally patriotic, fit and good at basic infantry fighting skills, but then goes on to say:

> Ground force leadership, training in combined operations, and morale are poor. The PLA is still a party army with nepotism and political/family connections continuing to predominate in officer appointment and advancement. The soldiers, for the most part, are semi-literate rural peasants; there is no professional NCO [non-commissioned officer] corps, per se. Military service, with its low remuneration and family disruption, is increasingly seen as a poor alternative to work in the private sector.[10]

China's military training is elsewhere assessed as getting better, though still weak, particularly as concerns joint service operations.

With respect to the hardware on which those troops rely, the Defense Intelligence Agency expects that, by 2010 or so, perhaps 10 percent of China's overall military will have acquired "late Cold War equivalent" heavy equipment and become reasonably proficient in employing it. Even that will leave them twenty years behind the American curve—and the remaining 90 percent of the force more obsolescent yet.

Projecting Power

SO MUCH FOR AN assessment of China's overall military readiness. Some would argue that this type of analysis misses the point in any case. Many American analysts contend that while the United States should not fret too much about China's traditional military power, it should recognize that Beijing, having watched the Gulf War on CNN, might utilize "asymmetric warfare" to threaten American interests in the Taiwan Straits and the South China Sea. By employing advanced cruise missiles, sea mines, submarines, imaging satellites, anti-satellite weapons, computer viruses and other specialized weaponry, China would wage "local war under high-tech conditions" in a manner that exploits American vulnerabilities.

There is a kernel of truth in this concern—militaries, after all, routinely seek to exploit the weaknesses of their adversaries. But it is only a kernel. To defeat Taiwan, for instance, China would need to land enough troops on the island to overcome Taiwan's quarter million-strong ground forces (plus some fraction of its 1.5 million man reserve force). But currently China cannot even move a quarter million soldiers overland into Mongolia or Vietnam. What is more, this type of power projection is precisely the type of operation that future military technology may render even more difficult.

The sum total of China's amphibious transport capacity (about 70 ships) can move 10,000 to 15,000 troops. Its airborne transport may carry 6000 more.[11] True, China could utilize fishing vessels and cargo ships, and tap its civilian air fleet, for an operation against Taiwan. But all of these vessels, military and civilian, would be fiercely attacked before they reached the island. Making matters worse for China is the fact that there are only a few suitable beachheads on Taiwan where PRC forces could land.

Even if only half of Taiwan's fleet of nearly 500 combat aircraft survived an initial Chinese assault with missiles and fighters, the remaining aircraft could wreak enormous damage on an amphibious armada. The surviving planes would carry enough weapons that in theory they could sink almost the entire amphibious armada in a single sortie. Although Taiwan's air force may not yet have large numbers of anti-ship missiles like the U.S. Harpoon in its arsenal, it could inflict a fair

[10]Cohen, "The Security Situation in the Taiwan Strait", p. 11.

[11]Cohen, "The Security Situation in the Taiwan Strait", p. 9; and "Future Military Capabilities and Strategy ", pp. 15-16.

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amount of damage with its own Hsiung Feng 2 anti-ship weapons[12]—and would probably be provided with weapons like the Harpoon fairly quickly. Taiwan also possesses highly effective air-to-air missiles, which would pose a serious threat to Chinese troop transport aircraft.

Things get even worse from the Chinese standpoint. To quote the Pentagon again, "China's C4I [command, control, communications, computers and intelligence] infrastructure cannot support large scale, joint force projection operations at any significant distance from the country's borders." Granted, Taiwan is only about one hundred kilometers from the mainland (though many PRC aircraft would have to operate from several hundred kilometers' distance, given constraints on the capacity of individual airfields). But even if the distances involved are not great, the operation would be enormously complex, as China would need to destroy Taiwan's air force, sink its fleet, deceive its ground forces about the armada's primary objective—and do all of these things after Taiwan was fully aware that hostilities were imminent, since a major and largely visible build-up of Chinese forces would already have taken place. Nor could China rule out the participation of American forces. Even if the United States did not put its combat assets in harm's way, it could provide Taiwan all-weather day-night reconnaissance and targeting data from spy satellites and aircraft.

Bizarrely, after making many of these arguments in its own report, and further concluding that Beijing is making few efforts to improve its lift capacity, the Pentagon's 1999 report on the PRC-Taiwan military balance concludes that, absent third-party intervention, China could probably carry out a successful amphibious assault by 2005. The basis for reaching this conclusion, however, is either unstated or unpersuasive.

China could plausibly *blockade* Taiwan—at least well enough to cut commerce severely and extract a steep economic price from Taipei. Here, the same technical realities and trends working against a Chinese amphibious invasion of Taiwan might actually work in the PRC's favor. Surface vessels in confined waters are already quite vulnerable. If anything, they are becoming more so—and China has in recent years vastly improved the quality of its anti-ship cruise missiles.[13]

China has a large navy, too, one that boasts some 60 submarines, 50 large surface combatants and hundreds of smaller ships. Of the submarines, three are high-quality Kilo-class vessels purchased from Russia; another five are indigenously produced Han nuclear-powered attack submarines. They do not carry anti-ship missiles at present, but may soon. China's stock of torpedoes and mines, too, is well suited for blockade-style operations. But recall, this is a navy for which a three-ship crossing of the Pacific for its first ever visit to a mainland U.S. port—San Diego in March 1997—proved a huge undertaking. Even so, as Taiwan's navy has only 4 submarines, 36 major surface combatants and about 100 smaller surface combat ships, it might well find itself outmatched by the PRC navy. Or at least that is the conclusion of the Pentagon.

In any cross-strait blockade or naval conflict, Taiwan's main advantage would be air cover, especially if it reacted to a PRC blockade by shutting down its ports that face China and routing ships to its less vulnerable eastern harbors. China, however, could pursue Taiwanese-flagged vessels beyond the range of Taiwan's aircover. Even if the PRC navy suffered huge losses, it could effectively discourage merchant shipping and shut down much of Taiwan's export economy.

These options would not be available to China if the United States intervened.

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[12]Duncan Lennox, *Jane's Air-Launched Weapons* (Couldson, UK: Jane's Information Group, 1998), analysis tables.

[13]Bates Gill, "Chinese Military Hardware and Technology Acquisitions of Concern to Taiwan", in *Crisis in the Taiwan Strait*, ed. James Lilley and Chuck Downs (Washington, DC: National Defense University, 1997), pp. 117-20.

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Deploying two carriers several hundred miles east of Taiwan, the United States could, with the assistance of the Taiwanese air force, clear the seas of Chinese warships. U.S. airpower, to use a well-coined phrase, can "do" open water much better than it can ferret Serbian tanks and troops out of Kosovo's woods. American anti-submarine warfare capabilities would be challenged only against China's best submarines, of which the PRC only has a handful. At most a few merchant or naval vessels would be lost on the U.S./Taiwan side before the Chinese threat was eliminated.[14]

ON THE MATTER of asymmetric Chinese approaches to defeating the U.S. military during a conflict over Taiwan, it is especially important to distinguish China's aspirations from its capabilities. It is true that Chinese writers intend to utilize information warfare and other concepts derived from what American analysts often term the revolution in military affairs (RMA). This approach to countering America's edge in traditional military capabilities undoubtedly has particular allure in a nation that gave the world Sun Tzu. But the fact that Chinese military writers can blend ancient maxims with concepts borrowed from the U.S. RMA debate does not mean they will be able to exploit its principles and technology during a conflict in the Straits. And even if China succeeds in developing one type of asymmetric weapon (e.g., a laser anti-satellite weapon), we will retain other systems that will not be threatened (e.g., radar satellites and surveillance aircraft).

What, finally, are we to make of China's recent missile build-up along the Taiwan Straits? Reportedly, the PRC had deployed 30 to 50 short-range missiles on the Straits by 1996, has about 200 deployed there today, and may triple this package within five years. From their current positions, the M-9 and M-11 missiles, both of which are nuclear-capable, can reach Taiwan.[15] But neither possesses sufficient accuracy to strike ports, airfields or ships to great effect. Indeed, they would generally miss their targets by several football fields and almost always by the length of at least a single field.[16] Granted, if Beijing unleashed a salvo of hundreds of missiles, it might register a few hits. But with the development of more effective passive defenses in Taiwan, most airfields and ports could absorb a few explosions and either continue functioning or be quickly repaired. Commercial sea traffic might disappear for a while, to be sure—but if China exhausted the bulk of its missile inventory to sink a grand total of two or three cargo vessels, would that really be such an intimidating use of force? It would say more about Chinese weakness than anything else.

Today, both China and Taiwan are modernizing their forces. But Taiwan will surely do so much faster, especially given its high-tech economy, its willingness to purchase weapons abroad, and a modernization agenda that emphasizes capabilities such as precision strike, maritime reconnaissance and integrated air defense. China's armed forces talk a good high-tech game, but possess few of the requisite assets and are redressing their weaknesses at a very slow pace.

As for the Spratly Islands, where China has been constructing facilities of late, Beijing seems mostly interested in the economic potential of the surrounding waters and seabeds. Fortunately for it, the countries nearest to the Spratlys—the Philippines and Vietnam—possess little military wherewithal to challenge its claim to the islands. Hence, China's decision to claim sovereignty over the Spratly Islands, while hardly justifiable in law, is not entirely surprising.

Still, given China's inability to project substantial power very far beyond its borders,

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[14]See Tom Stefanick, *Strategic Antisubmarine Warfare and Naval Strategy* (Lexington, MA: Lexington Books, 1987), pp. 33-70, 155-80.

[15]Bruce Dorminey, "Chinese Missiles Basic to New Strategy", *Aviation Week and Space Technology*, March 8, 1999, p. 59.

[16]Robert G. Nadler, *Ballistic Missile Proliferation: An Emerging Threat* (Arlington, VA: System Planning Corporation, 1992), p. 15.

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the PRC will be able to assert and maintain control over the Spratlys now and in the foreseeable future only if the United States allows it to do so. Washington may in fact decide on such a course, even if diplomatic skirmishes over the islands continue to pit China against formal U.S. allies like the Philippines—provided, that is, that China does not attempt to control the adjacent sea lanes. But the Spratlys could prove a costly prize for Beijing. The modest economic benefits accruing would probably be more than balanced by strong political resentment from neighboring states. In that event, the United States might be granted land bases in countries like the Philippines, from which it could patrol and expand its own influence in the region.

The Scandals

FOR ALL OF the fear and suspicion aroused by illicit transfers of U.S. military technology, they have not fundamentally shifted the strategic balance between China, Taiwan and the United States. While their impact will not be trivial, neither will it be catastrophic.

Consider first the question of nuclear espionage. A native Taiwanese scientist, Wen Ho Lee, allegedly provided China with information on the Trident II missile warhead, known as the W-88; he may have also leaked computer codes mimicking the behavior of that and other warheads. The United States developed this warhead in the 1980s at Los Alamos, where Lee worked until he was fired earlier this year. The warhead has a yield of roughly 350 kilotons, or about 20 times that of the Nagasaki and Hiroshima bombs—not unusually large for U.S. thermonuclear warheads, but still one of the country's most efficient nuclear devices. Warheads of that power formerly weighed well over 1,000 pounds; the W-88 warhead reportedly weighs hundreds.[17] With this powerful lightweight warhead, China could place several warheads on missiles that currently carry only one.

That would not change China's ability to threaten the continental United States, which it has been able to do for almost two decades. Beijing at present has about 20 ICBMs that can reach the U.S. mainland. In addition, it has a nuclear-armed submarine, though the vessel is barely seaworthy and would need to approach within about 1,000 miles of the U.S. coast to launch its weapons successfully. China also possesses some 300 nuclear warheads it could use against U.S. or allied forces in Asia.

While the W-88 transfer will not alter the basic facts of the U.S.-China nuclear balance, it would aid any Chinese effort to counter an American ballistic missile defense system, and could provide the PRC with greater targeting options in the event of a nuclear war. That fact might in turn make Beijing believe it had greater leverage in a major crisis with the United States (though if China really thought in these terms, it probably would have already expanded its ICBM force). Moreover, China, which joined the global test ban in 1996, might never have been able to develop its own lightweight warhead without the W-88 technology.

Still, we cannot be sure of the impact. China appears to have tested a warhead similar to the W-88 design only once.[18] The United States typically required at least six to ten tests to obtain confidence in a nuclear warhead.[19] True, if China obtained an already proven design it might require less. But nuclear warheads are highly complex devices. For example, the manner in which a warhead

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[17]Thomas B. Cochran et al., *Nuclear Weapons Databook, Volume I: U.S. Nuclear Forces and Capabilities* (Cambridge, MA: Ballinger Publishing Co., 1984), pp. 31-6.

[18]Carla Anne Robbins, "China Received Secret Data on Advanced U.S. Warhead", *Wall Street Journal*, January 7, 1999.

[19]Robert Standish Norris and Thomas B. Cochran, "United States Nuclear Tests", Working Paper NWD 94-1 (Washington, DC: Natural Resources Defense Council, February 1, 1994), p. 12.

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ages can affect its performance. Also, warheads that have been chilled or heated or violently jolted during trajectory may not detonate.[20] All the weapons blueprints and computer codes in the world cannot substitute for a properly tested and robustly built warhead. China might not wish to devote large amounts of resources to the construction of a warhead that it may not fully understand.

The Hughes/Loral scandal may be the most significant of the recent cases. As part of their work in launching satellites on Chinese carrier vehicles, these companies may have helped China correct a problem in its guidance systems for their strategic rockets. Any technology transfer that increases the accuracy and reliability of China's rockets and missiles will surely aid its ICBM force and its efforts to place military satellites in space. Here too, though, we must be cautious in our conclusions. After all, we still do not know exactly what information was transferred; the former U.S. commander of Pacific forces, Admiral Joseph Prueher, for one, appears not to believe the data was of great import. Even if China's launch capabilities do improve slightly as a result of the transfer, its fledgling satellite program is rudimentary and will likely remain so for years to come.

The Cox Committee has raised serious concerns about improvements in Chinese military capability. Still, enormous uncertainties persist, for acquisitions do not translate automatically into new capabilities. That at least was the conclusion of the CIA's damage assessment, which determined that "the aggressive Chinese collection effort" has not yet resulted in the modernization of its deployed strategic forces. The reality of America's enormous strategic nuclear advantage—U.S. nuclear warheads outnumber China's by a ratio of about 15 to 1—will remain a powerful deterrent in the face of any foreseeable Chinese strategic rocket modernization.

CHINA'S MILITARY is simply not very good. The majority of its members serve in the ground forces, but so lack in transport and mobile logistics assets that they are more aptly described as internal security personnel. Their training ranges from spotty to poor. Moreover, the armed forces remain plagued by poor pay, nepotism and party favoritism, and attract few of China's brightest citizens.

The PRC's power projection capabilities, too, are constrained by huge weaknesses—especially in areas such as aerial refueling, electronic warfare, command and control, and amphibious and air assault assets. China owns considerably less top-level military equipment than medium military powers like Japan and Britain; it owns even less than smaller powers such as Italy, South Korea or the Netherlands. Nor has it embarked on a concerted effort to purchase sophisticated new weapons. Though some analysts estimate China's military budget to be as high as $65 billion a year in purchasing power terms, the resources it devotes to acquiring modern weaponry are akin to those of countries spending $10-20 billion a year on defense.

The numerous defects of its military establishment notwithstanding, China is a rising power that could one day significantly challenge the United States and its allies in East Asia. But that day will not come anytime soon; it will be at least twenty years before China can pose such a threat. Why it would wish to do so, even with a strong military, remains an open question. □

[20]Christopher E. Paine, "The U.S. Debate Over a CTB", Working Paper NWD 93-5, rev. 2 (Washington, DC: Natural Resources Defense Council, 1993), p. 26.

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Undemocratic Capitalism

China and the Limits of Economism

David Zweig

THE CLINTON administration's China policy has come under attack from many quarters for being too conciliatory, too optimistic and too compromised by a nexus of money and insider politics. But the President and his aides deflect each jab by contending that, despite episodic problems and pratfalls, a policy of engaging China on a broad range of issues has the best chance of maximizing American influence and impelling China toward positive change. The key dynamic is assumed to be rapid economic growth, which, it is tenaciously held, will result ultimately in political liberalization. That, in turn, would not solve all problems between the United States and China, but it would conventionalize those problems and, presumably, make them easier to manage.

In this line of assumptions the administration has many scholarly allies. Henry Rowen, Minxin Pei and many others have argued that one of the few hard conclusions of comparative politics—that rising income levels are conducive to political democratization—applies to China no less than it has applied to Europe and Latin America.[1] In this view, increased wealth, information and trade will create and mobilize a new middle class whose interests and social power will ultimately undermine the Communist Party's monopoly on political power, leading in due course to some form of democratic politics. According to this view, too, elections in rural China, advances toward the rule of law, the strengthening of the National People's Congress (NPC) and media liberalization exemplify political change already afoot in China as a result of economic marketization and growth.

While continued growth cannot be guaranteed, China's leaders have demonstrated an impressive ability to manage the economic difficulties foisted on China by the post-July 1997 Asian crisis. More important, they have demonstrated seriousness and flexibility in pursuing continued economic reform. President Jiang Zemin's policy proposals at the 15th Party Congress, held in September 1997, were bold. Promising to reform moribund state-owned enterprises (SOEs), Jiang reinterpreted the Marxist concept of state ownership of the means of production to include publicly held stocks (by both individuals and other firms). Bankruptcy law, takeovers, mergers and acquisitions—all features of a capitalist economy—received the Party's official blessing. Since then, China has demonstrated a further commitment to reform by reducing housing subsidies and the

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[1]Henry S. Rowen, "The Short March: China's Road to Democracy", *The National Interest* (Fall 1996); and Minxin Pei, "Is China Democratizing?" *Foreign Affairs* (January/February 1998).

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volume of public employment generally—efforts quite likely spurred on by revelations of structural deficiencies in the "Asian model" that have triggered the region's continuing economic crisis.

It is likely, therefore, that China's economy will grow enough over time to keep the basic question relevant: Will economic growth produce political liberalization? The answer is unclear. For economic growth to produce democratic politics—or at least more liberal politics—a middle class of private property owners who want to get the state off their backs must emerge. To generate such a class, China needs the growth and expansion of market forces, an effective system of property rights protected by the rule of law, and a much reduced role for bureaucratic authority in the economy. Ultimately, too, it needs enough political stability to allow this middle class to emerge, and it will require new political institutions to manage the demands of that class in a way that will not push Party leaders to co-opt it or even crush it before it achieves greater liberalization.

Many signs point to these positive trends, but strong counter-trends are also working against political liberalization despite—and in some cases because of—the rapid economic growth of recent decades. To sort out the evidence, three questions need especially careful examination. First, who will check the enormous power of China's bureaucrats whose authority and personal economic interests depend upon their ability to manipulate market forces? Second, if labor unrest stemming from the current reform of the SOEs threatens social stability and business profits, will managers advocate a more open political system? Third, will China "open" more to the outside world in terms of trade, and what would the social and political consequences of such an opening be?

In my view the answers to these questions do not support current assertions that China is rapidly liberalizing but suggest that the process of change will be slower. Let us take them in turn.

A Rent-Seeking Culture

MANY observers assert that powerful political and economic forces are pushing for a continued transition to market capitalism in China. As their argument goes, the decentralizing of economic decision-making authority from the center to the localities, combined with a shift from planned allocation of goods to market allocation, is leading to greater decision-making freedom for individuals and firms. This means, in turn, expanded market activity and, ultimately, a transition to free-market capitalism.

There is a logic to this projection. As enterprise managers pursue greater efficiency, economies of scale and lower transaction costs—i.e., the cost of doing business—they advance liberalization. Firms with comparative advantage in particular products are helping to dismantle regional barriers so that they can expand their markets. When foreign-funded enterprises expand their market share, domestic firms become more competitive and more responsive to market forces—or else they do not survive. Popular hostility toward pervasive corruption is also impelling Chinese leaders to further embrace the market economy. Much of the dual price system has disappeared as more and more goods are exchanged on the open market. As early as the end of 1992, only 5.9 percent of retail sales, 12.5 percent of agricultural sales, and 18.7 percent of the sale of capital goods came from products priced by the state.[2] The decisions of the 15th Party Congress are likely to accelerate these trends. In particular, with less pressure on banks to prop up inefficient SOEs, markets are likely to play a greater role in the allocation of domestic capital. So there is, indeed, plenty of hopeful news.

But rapid growth alone does not ordain a liberalized economy. How exchanges occur,

[2]Lin Yimin, *The Competitive Advantage of Firms After Communism: State and Market in Post-Mao China* (Cambridge University Press, forthcoming).

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limits on interregional flows of goods and services, the scope of bureaucratic interference, the scale of transaction costs, and the ability of local state agencies to intervene in economic decision making are all important indicators of where China's economy really rests, and of where it is headed. These indicators suggest that a mixed economy, where decentralization empowers non-democratic forces, is equally likely. China's property rights regime and the ferment of economic development may not be creating a large middle class of private property owners who will seek autonomy from the state. Instead, economic growth without privatization, in a society that has experienced little democracy, could create a semi-private managerial class that does not support democracy. Add to this a strong ethos in China favoring collective interests, and the likelihood of a corporatist China seems far greater than a democratic one.

This likelihood is increased by the cultural reality that economic power in China already rests largely with bureaucrats, as it has for a very long time. The deep involvement of administrators in the economy makes China, above all, a rent-seeking society. "Rent" in this context is defined as the difference between free-market prices and higher prices that exist because regulations limit competitors from entering the market. Regulation acts to limit supply, yielding above-market prices. Rents nourish corruption, as bureaucrats find themselves in a position to charge fees both for services and for selectively ignoring the regulations that they and their colleagues create. The payoffs can be substantial. Higher tariff barriers—another form of rent—insure higher profits than would occur in a non-tariff economy for those who smuggle goods into China. The Customs Service itself and the People's Liberation Army (PLA) are two actors that benefit handsomely from the rents arising from tariff barriers.

According to Wu Jinglian, a leading Chinese economist, rents created by the difference between free-market and planned commodity prices, between the official value of foreign exchange and its free-market value, and between low official interest rates and the real cost of money, accounted for 20-25 percent of GNP in 1981-89—a higher rate than in India or Turkey in the 1960s, both of which are considered classic rent-seeking societies. Little wonder, argued Wu, that government-connected Chinese businessmen "try by every means to maintain the existing rent system and establish a new rent system to expand the scope of rents."[3]

Also, in the current transitional economy, managers of corporatist economic structures, army officers, semi-public companies, and mayors of towns, cities, development zones, and former people's communes (now called townships), and even Party secretaries in villages control and manage key sectors in China's developing economy. They are all rent-seekers in one way or another.

Hence, despite assertions that a growing private sector is creating a strong middle class, one actually finds severe limits on the role of the private sector in China's cities. No doubt, the validation of the private economy as "an important part"—not just a "complementary" sector—of the national economy at this year's National People's Congress will create an upsurge in the private sector's role in China. Many private firms who have worn a collective hat to protect themselves may, over time, be more willing to admit the private nature of their property rights. However, private entrepreneurs build government networks as protection from rapacious bureaucrats who would otherwise plunder their profits and extort funds for their local coffers. Such norms of high government interference are, needless to say, not conducive to the ethic of the free market as we know it in the West.

Nor is it the intention of the present reformist government to build such an ethic. While Jiang Zemin has called for increasing the diversity of investors in SOEs in order to separate "administrative functions from enter-

[3]Interview with Wu Jinglian, *Jingji ribao* (Economic Daily), April 6, 1993.

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prise management and change the way enterprises operate", he has also called for continued state management of China's core enterprises. That means insuring that bureaucrats will continue to dominate the commanding heights of the economy. That, in turn, means that managers of the 500-1,000 key state enterprises will remain beholden to state bureaucrats for cheap capital and technology inputs. Jiang also echoed pre-Congress commands to managers to rely on their factory's Party committees before deciding on layoffs, prices and production levels when he said that enterprises must "give play to the role of the Party organizations" in the plants "as political nuclei."

China's top leaders still reject genuine privatization even in principle, preferring that shares be sold to workers or to other companies. One key reason, at least according to researchers at the Chinese Academy of Social Science in Beijing, is precisely their deep fear of the emergence of a real, autonomous middle class. As a result, the stripping of state assets and the sale of land and equipment to other companies need not, and probably will not, create a large private ownership class. Bureaucrats will retain a significant hand in making key decisions; a distorted market will persist; and close relations between captains of industry and the state will continue.

This means, too, that despite a shift of decision-making authority from the center to the localities, many key economic decisions remain under the purview of local governments. What is emerging is a form of local economic corporatism, replete with regional monopolies, rent-seeking opportunities and "relational contracting"—a characteristic of early capitalism (as well as socialist transitional economies) where firms carry out business transactions based on long-term, personalized trading relations and trust, not on maximizing profits and market efficiency.

This system of local protectionism is a phenomenon already a decade in the making. In the mid-1980s China reformed its fiscal code, creating a tax farming system under which all levels of government were given tax quotas to pass up to the next level of government. Some or all enterprise profits and taxes above the quota were retained by local governments. Further, as the state withdrew tax subsidies, many local governments suddenly had to swim on their own. These conditions gave local governments powerful incentives to maximize local output, sales, profits and taxes. It also provided incentive to establish barriers to trans-regional trade in order to keep products from other regions out. Thus, for example, taxi companies in Shanghai can buy only Santana vehicles produced by the city's joint venture with Volkswagen. The prospect of discontented unemployed workers laid off by bankrupt SOEs under Jiang's new reform initiative could increase pressures on cities to protect their remaining SOEs from regional competitors.

Most businessmen avoid inter-regional trade for other reasons as well. Shortages of quality goods, weak market signals and information, and widespread corruption create great uncertainty for enterprises in China's emerging semi-market economy. There is little sense of the sanctity of contracts, and the legal system favors local firms. When money alone cannot insure supply, firms resort to relational contracting. Thus in the 1980s Wuhan's department stores bought most of their stock from factories with whom they had long-term relationships. Similarly, officials in the First Machinery Factory in a large urban center used close government ties to secure loans at rates significantly below those available to their competitors. The result is a far less than perfect market, significant waste, limited inter-regional competition and high transaction costs as firms invest excessive time and money maximizing business-bureaucracy relationships as the major mechanism for making profits.

Finally, Chinese firms, awash in a sea of rent-seeking, accept payoffs to bureaucrats as part of doing business. Many of these companies resulted from "downsizing with Chinese characteristics", a process in which govern-

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ments lay off bureaucrats from their official payrolls only to help them establish new semi-public firms. Situated strategically between the government and genuine enterprises, these firms earn income by charging a handling fee for transferring goods and resources. Like barnacles on ships, they draw their sustenance from their parastatal relationships with the ministries from which they were spun off.

Labor Unrest as a Liberalization Brake

JIANG and Zhu's plans for restructuring the SOEs suggest their commitment to greater liberalization of China's transnational economic relations and their understanding that there is a close link between international competition and domestic reform. As China continues to lower its barriers to the outside world and takes steps to accede to U.S. demands for World Trade Organization accession, most of its SOEs will face economic extinction. In the face of such threats, China's leaders know, too, that they can no longer afford to throw good money at bad firms. Unprofitable SOEs will fend for themselves, while the state will choose and help "winners."

But the social stresses liable to be generated by the winnowing out of China's SOE sector are staggering. China's approximately 350,000 SOEs employ over 70 million workers, pay benefits to another 20 million retirees, and in total support about another 200 million dependents. With as many as 45 percent of them in the red, China's SOEs have a combined debt of 620 billion Renminbi (RMB), or $75 billion. The past decade's policy of paying laid off SOE workers their "basic" salary—usually comprising 40 percent of current wages and excluding all subsidies and bonuses—worked much like unemployment insurance schemes in the West. But that strategy has now left China with a welfare problem of catastrophic proportions.

Even in a very imperfectly competitive market, ending subsidies will expose many SOEs to the pressures of competition. But if closing down large numbers of SOEs, without an effective unemployment insurance scheme to cushion the impact, promises to put 10-12 million workers on the streets, regional and local governments may strongly resist such a policy. Recent eyewitness reports from Sichuan Province tell that threats of worker violence have so frightened managers that they hesitate to fire workers until they have been retrained and helped to find a new job. In fact, these pressures forced the Politburo in June 1998 to decide to stop laying off urban workers in order to avoid an urban explosion. Instead, many unprofitable firms may be merged with stronger firms that may be pressured to keep on more workers. Already powerful conglomerates (*jituan*) are buying up the assets of weaker firms. A more oligopolistic economy could emerge in which a few large firms dominate different sectors. This would not promote increased marketization in China any more than a roughly similar situation has promoted broad marketization in Russia.

The reform of SOEs also directly affects the liberalization of China's financial system, which needs to become more market-oriented. Chinese banks have loaned money according to national or local policy, not at its real cost. In 1996 alone China's banks loaned out over 4 trillion RMB, of which 75 percent went to support SOEs.[4] Many of those loans are non-performing. Clearly it will take years to sort out these problems. Even if widespread selling of bank shares occurs, the banks will still be under enormous political pressures to make loans based on personal and political, rather than market, factors, until the day that the central and local banks really do become independent of the political system. But that day is far off.

The politics of regional disparities will further limit genuine economic reform. Under Deng, China deregulated the

[4]Nicholas R. Lardy, *China's Unfinished Economic Revolution* (Washington, DC: Brookings Institution Press, 1998).

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economies in coastal provinces, granting them preferential treatment that helped their economies boom. Inland areas remained apart from global markets, even as the state suppressed the prices of the natural resources that are the heart of their economies. Consequently, the coast flourished while inland areas languished. Based on my own calculations, while 60.8 percent of China's gross value of industrial output (GVIO) was produced in coastal cities in 1984, a decade later those same cities produced 70 percent. Although inland areas might prefer an end to policy favoritism and an even playing field, they are also home to some of the most inefficient SOEs, whose closing will only exacerbate their economic plight. Under the current regime their interests lie in supporting central bureaucrats who believe that the state—not the free market—must redistribute resources and resolve regional inequalities.

It is likely, then, that looming instability will undermine any impulse toward political liberalization. The current middle strata of corporate directors and local government leaders—those locked into the existing property rights regime of state or publicly owned industries—will surely prefer corporatism and soft authoritarianism to democratic change. If social unrest stemming from SOE reform challenges their managerial rights and threatens them with recrimination for their side payments to bureaucrats, they will even support hard authoritarianism if it is necessary to protect "public order." They are likely to interpret democracy under such circumstances as tantamount to chaos.

In the countryside, too, where most private firms exist, there is little support for democratization among the rural business elite.[5] As of 1992, only 0.5 percent of the millions of rural enterprises at or below the county level had trade unions, and there is little reason to believe that the number of union shops has increased since then. And even as China's leaders let farmers elect villager committees in order to stabilize the countryside, weaken oppressive cadres, and persuade farmers to invest in public works projects, elections remain restricted to the lowest levels of rural society. Top Party leaders are likely to prevent these elections from sparking a nationwide democracy movement. The key test will be whether similarly open elections as those taking place in China's villages will take place at the next level up in the rural bureaucracy—the township level. As for the more economically advanced coastal areas, rural people there seem too busy making money to care about political liberalization, and so long as limited economic reform allows them to do so they are unlikely to become a source of democratic advocacy.

China's Opening to the World

THE ROLE OF the bureaucracy is also critical when it comes to foreign trade. Opening China to the outside is, according to the optimists, a key dynamic in China's eventual marketization and eventual political liberalization. But it hasn't worked out that way so far. China's official foreign trade, which has grown from $30 billion in the late 1970s to $290 billion in 1996, at an average annual rate of 16-17 percent, has surpassed all expectations. Few predicted that such a large country could become so trade dependent, with some estimates suggesting that over 40 percent of GNP is now derived from international trade. Indeed, the level of foreign direct investment—by 1997 totaling $250 billion—which allows foreigners to be directly involved in managing Chinese enterprises, suggests that China's economy in recent years has been more open than those of Japan and South Korea, which have relied more heavily on, respectively, foreign purchases in equity markets and foreign loans.

China's comparative advantage in foreign trade has created thousands of relatively small, labor-intensive, export-oriented firms in the

[5]David Zweig, *Freeing China's Farmers: Rural Restructuring in the Reform Era* (Armonk, NY: M.E. Sharpe, 1997).

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countryside that want to expand their export opportunities. Both they and SOEs want to import resources duty free and circumvent state-run foreign trade companies so they can deal directly with foreign markets. The result is a "joint venture fever" that undermines state controls over China's boundaries. That seems good, if greater economic integration between China and the rest of the world is the end to be sought.

But rent-seeking of a different sort propels the search for joint venture partners, and it is not of a sort likely to advance marketization. In protected sectors, where high tariffs prevent imports of competitively priced foreign goods, joint ventures help Chinese partners create products that are highly competitive within the domestic market. Even if their prices are a little high and their quality a little low, Chinese firms and their joint venture allies can nevertheless earn large profits since their goods face no serious competition. Therefore, those apparent advocates of increased internationalization have strong interests in limiting that process as well. The profits are rent in that they flow from a non-competitive market arrangement. Real competition would make such ventures less attractive, not more.

Indeed, due to its highly regulated nature, the foreign trade sector remains rife with opportunities for corruption. China's bureaucrats know that excessive restrictions and fewer foreign transactions mean fewer rents, so they favor more trade and investment—but only under their administrative purview. For them the choice is clear: no flow, no dough! The result, however, is de facto, not de jure, trade liberalization, for much trade ensues through smuggling and corruption. According to the World Bank, goods smuggled from Hong Kong to China equal 15 percent of all legal trade between the two economies. According to the *South China Morning Post*, the scale of smuggling actually forced China's television manufacturers to cut domestic prices by 10 percent.

Other data broaden the picture. While the World Bank reported that China's nominal tariff rate in 1995 averaged 32 percent, the effective rate that was collected was only 6 percent. While half of that seepage was due to special policy privileges given to foreign invested enterprises, the other half was the result of bureaucrats who waived regulations in return for payoffs. Today, for infrastructure projects in Hong Kong, for example, large foreign companies reportedly must give large equity shares to mainland brokers who provide no value-added except to certify that the project can go forward. One American firm working in east China froze its power project because it refused to donate an equity share to a company run by a top leader's son.

Such high-placed Chinese intermediaries have no interest in a transparent trade system. Thus while China has carried out the easy part of trade liberalization, or what the World Bank calls "shallow integration"—reforming its import regime and limiting controls on foreign exchange transactions—China has balked at "deep integration", including greater market access, regulatory transparency, non-tariff barriers and wage policies. China's trade liberalization essentially plateaued in 1994 and has not moved forward since.[6]

At the bottom of such problems is the plain fact that China has never wanted an open trade regime. Since 1978 it has erected a transnational sector—Special Economic Zones, Export Processing Zones, joint ventures, swap markets for foreign currency conversion—to cordon off the domestic economy from external influences. These special deregulated spaces and organizations receive what the Chinese call "preferable policies" that exempt them from tax, trade and investment rules governing non-open territories. This has

[6]See Margaret Pearson, "China's Integration into the International Trade and Investment Regime", in *China Joins the World: Progress and Prospects*, ed. Elizabeth Economy and Michel Oksenberg (New York: Council on Foreign Relations Press, 1999).

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created a dual economic system of open, favored localities, and more closed, highly regulated regions. According to Chinese economist Hu Angang, the inequalities generated by this system create "all sorts of special and independent economic and political interest cliques within the state apparatus", who "although they are communists, regard it as their goals to maximize the interests of their own cliques, and to seek monopolies and privileges through their economic and political pursuits."[7]

In light of these interests, one must marvel at the audacity of Zhu Rongji's WTO offer, which, if accepted and fully implemented, will severely limit bureaucratic rent-seeking and management of foreign trade. But the deal is not completed, and China remains a mercantilist state where the majority of leaders, bureaucrats, industrial managers and regional officials support state involvement in China's foreign trade. Their view is that China's trade should grow but in directions set by official definitions of China's interests, rather than by domestic or global market forces. Chinese leaders still advocate an East Asian style "developmental state", with an industrial policy geared at competitive export industries. As was the case in South Korea and Japan, China wants to "create" comparative advantage where it does not now exist. In particular, Chinese industrial policy is meant to protect sunrise industries, which bureaucrats see as the source of future trade competitiveness. It has targeted the electronics, telecommunications, transportation, pharmaceutical and other high-tech export industries as key sectors that will drive its economy in the next century. Similarly, insurers and banks that have yet to adapt to global competition would get swamped should China open these sectors up. It is worth remembering that China is hesitating to open to the WTO too quickly in order to protect and develop its own future global Fortune 500 companies; otherwise, these sunrise companies would get swallowed by the global giants. Still, protection leaves these firms with little incentive to become fully market-oriented.

The same applies to government ministries. China's bureaucrats benefit far more from regulated trade than from anything approaching real free trade. As China opened up in this constrained and selective manner, ministries were empowered to establish monitoring agencies that control threats to their own industries posed by trade liberalization and global competition. The Ministry of Machine Building established an Equipment Approval Division to monitor and approve all imports of equipment, including equipment for joint ventures. In 1995, as China opened the construction industry to foreign direct investment, strict guidelines were introduced and new foreign-funded enterprises needed approval from the Ministry of Foreign Trade and Economic Cooperation as well as the Ministry of Construction, which owns and operates its major competitors. According to the U.S. Trade Representative, one of the strongest advocates of continued protection is the vulnerable pharmaceutical industry, whose State Pharmaceutical Administration issues quality certificates for pharmaceutical products.

In sum, despite the conventional wisdom that increased global transactions will liberalize China's trade regime, forcing it from autarky into global interdependence, strong forces will limit China's movement along such a trajectory. Also, the involvement of foreigners in China's economy does not necessarily support the emergence of a market-oriented middle strata. Foreign direct investment throughout China is partnered with local governments or the PLA at all levels of the system. Even Hong Kong's investment partners in wild and woolly Guangdong Province are mostly local township officials, not private entrepreneurs. Rather than undermine government authority, foreign direct investment strengthens its legitimacy by

[7]Hu Angang, "Why I am for No Preferential Treatment for Special Economic Zones", *Ming bao*, August 23, 1995, in FBIS-CHI-95-188, September 28, 1995.

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increasing economic growth and helping local governments meet social welfare obligations. Opening China to the world, therefore, does not necessarily translate into opening China within itself.

China as a Democracy?

IT APPEARS, then, that while there are social and economic trends in China pressing for greater marketization, strong counter-trends seem to limit it. There are some impulses toward greater political liberalization, but again strong counter-impulses that would stymie it as well. As for the picture as a whole, there is no evidence of a necessary or automatic lockstep relationship between economic development and market liberalization, broadly defined, and the political liberalization that many pundits and politicians have predicted.

The truth is, no one really knows what will happen in the political domain in China. On the one hand, the confluence of corruption, inflation and economic recession could again trigger massive protests. In 1989, 30 percent annual inflation dropped real incomes for Beijingers even as a nouveau riche or "princeling" class composed of the children of high-ranking cadres emerged. If a substantial sell-off of state enterprises in 1999 brings large profits to managers even as it puts millions of unemployed workers on the streets, new protests could bring the regime to its knees. On the other hand, without alternative political parties in readiness, such a collapse would be far more likely to lead to a military dictatorship than to a democratic regime.

And there is little reason to anticipate the emergence of competitive political parties or an institutionalized movement for democracy. As in Hungary, where factions in the communist elite in the 1980s turned into competitive parties, stark differences over development strategies among Chinese factions made a similar scenario seem plausible in the China of the 1980s. But today is different. Jiang Zemin's struggle to maintain legitimacy as the "core" of the leadership makes concessions and institutionalized division of authority or separation of powers difficult. The core of any factional opposition, Qiao Shi, was removed from office in 1997, and such a party structure simply cannot arise outside mainstream influences under current circumstances.

Tiananmen sent a message to the Chinese people that public protest will be met with violent counterforce. Since then—and despite some signs of division at the top—most urban Chinese have accepted the government's offer to pursue private interest through business; to seek personal freedom through amassing wealth; and to maintain economic growth through political passivity. Chinese also compare the chaos in the former USSR to their own country's economic vigor and say the equivalent of "there but for the grace of God go we." As far as political models are concerned, the specter of Russia more than outweighs the lure of Hong Kong to most Chinese who have political power.

American Choices

THIS REALITY poses hard choices for U.S. policy. The widespread belief in an evolutionary process in which economic liberalization drives political democratization in China is narcotic in its policy impact. Through it one can excuse nearly any short-term accommodation, using the rationale that buying time makes sense because time is on the side of all that is benign. But what if this is wrong? China may change more slowly than anticipated; it may become corporatist rather than democratic; or it may even implode violently.

All three developments would be problematic in one way or another for the United States. But all three, and particularly the first two, are more likely than the comforting thesis of inevitable, rapid and smooth democratic transformation. While marketization is forcing economic institutions to liberalize somewhat, political liberalization, in terms of the emergence of real competitive politics,

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appears nowhere on the national agenda. Powerful vested interests would be threatened by a free press and public disclosure of the activities of China's middle and upper strata, particularly as they seek to profit from SOE restructuring. Moreover, the social unrest likely to emerge from massive layoffs simply cannot be accommodated by a system undergoing political liberalization. A reality check on China today tells us that—*pace* Henry Rowen—China is very unlikely to be a democracy by the year 2015.

So what should the U.S. government do? It must accept that while a major swing in economic reform and global market liberalization appears to be looming, those changes will face severe domestic opposition that could in the end push China in a decidedly illiberal direction. In the mid-term, it might be that encouraging China to liberalize—by holding out the prospect of WTO membership, for example—would instead trigger a system collapse. Corruption could easily accelerate under the current SOE reform strategy, and the sell-off of state firms might be more vigorously pursued if China attained WTO membership. According to various reports, as much as $10 billion worth of state assets have been stripped by private and public interests in the name of economic reform. The sale of shares in public firms could exacerbate this problem: factory managers and bureaucrats could borrow bank funds to buy up large amounts of shares in public companies, and then sell off the companies to other firms who lay off redundant employees. The result would be windfall profits for bureaucrats while workers are dumped on the streets. Could such a state of affairs persist for a long time without an explosion? Perhaps, but it would not be a sound bet.

Would a collapse in China be a good thing for American interests? A collapsed Soviet Union is widely interpreted as having been a favorable development—although the hobbled Russia that emerged from it has won decidedly mixed reviews. If the Chinese political system today is in fact unreformable, as the Soviet system proved to be, could people really still prefer that the system collapse? The negative global repercussions would be enormous. Who knows what would arise in place of the semi-reformist Chinese government we have now? While there is little doubt that a democratic China would be a better partner than an authoritarian one, China's long march from authoritarianism to democracy must traverse many dangerous passes, where a simple misstep could lead to disaster. Does the United States want to push China onto a path that could undermine the first extended period of economic growth and development experienced by the Chinese people in over a century and a half? Would that make for long-term stable relations? American policymakers need to address these questions, rather than operate on the flawed assumption that economic reform will produce political liberalization without radical political discontinuity in the bargain.

What is needed, then, is a continued policy of engagement that helps China move down the road of liberalization, but that does not justify that policy on short-term predictions of dramatic political change. The United States must engage China because of China's rising power and influence, because of its market, and because greater American involvement in China increases the likelihood of more positive, long-term developments. But the administration must not win supporters for its China policy based on promises it cannot keep and on developments in China that it can neither predict nor control. China will change at its own pace, taking into consideration the need for social stability, the power and interests of its now frightened bureaucrats, and the real limits that exist on the power of the top leaders. Only then will Sino-American relations be established on a stable footing that will weather the difficult times that lie ahead as China continues its dangerous, but nonetheless remarkable, reform program. □

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Rethinking Europe

Charles A. Kupchan

THE ATLANTIC security order is on shaky ground. Bringing peace to the Balkans has proved costly and elusive, and the failure of NATO's air campaign to protect Kosovo from the regime in Belgrade has seriously tarnished the alliance. Even more worrisome, however, is the fact that its members have failed to offer a compelling strategic vision for the future. The end of protracted East-West rivalry requires that analysts and policymakers rethink the purpose of NATO and, more broadly, the logic of America's heavy-handed strategic role in Europe.

This rethinking entails addressing two sets of questions. First, where is NATO enlargement headed? Should the membership of Poland, Hungary and the Czech Republic be followed by successive waves of enlargement? Where does Russia fit into an Atlantic community defined, for now, by NATO's eastern frontier? Second, what should be the relationship between Europe's own process of integration and the evolution of the Atlantic security order? Can and should the United States remain "Europe's pacifier" indefinitely, or is the time approaching for Europe to begin putting into place its own security order?

Setting the Atlantic relationship on the right course entails proceeding with NATO enlargement. Rather than continuing to focus on adding members from Central Europe, however, NATO must make Russia's membership a top priority. For if NATO is to be the centerpiece of a new Atlantic security order, it must ultimately embrace *all* of Europe's major powers. At the same time, Europe must gradually assume much more of the burden of managing its own security. More self-reliance, whether or not the Europeans themselves want it, will become a necessity as the next century progresses, for American resources and leadership will be in much shorter supply than today. While it has the luxury of doing so, Europe needs to wean itself of its strategic dependence on the United States.

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Russia in NATO

NATO should never have embarked on enlargement into Central Europe; the costs plainly outweigh the benefits. But now that enlargement has begun, sound strategic logic requires its continuation. Committing to enlargement is to commit to establishing NATO as *the* central vehicle for building a stable Europe. To halt its expansion at Poland's eastern border therefore makes no strategic sense. Instead, NATO must set its sights on drawing Russia itself into the alliance.

NATO should follow this course for three reasons. First, Russian inclusion is a condition for a durable peace. A central determinant of European stability in coming decades, perhaps *the* central determinant, will be whether Russia exercises its power in a benign or malign manner. During the critical period in Russia's

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transition from its present disorder to reassuming natural weight, the West should be doing all it can to support democratic reform and to expose Russians to the norms and attitudes that underpin the responsible conduct of foreign policy—tasks best accomplished with Russia inside, rather than excluded from, the NATO tent.

Second, integrating Russia into NATO will prevent the emergence of a new gray zone in the heart of Europe. Those states that lie between an enlarged NATO and Russia—the Baltics, Slovakia, Romania, Bulgaria, Moldova, Belarus, Ukraine—remain Europe's most fragile and vulnerable members. To halt NATO enlargement after the first wave would only exacerbate their security predicament. To the extent that any sort of strategic vision now exists among NATO members, it calls for the elimination of this gray zone through successive waves of NATO enlargement. But admitting these states into NATO sequentially from west to east would surely have the dangerous end result of isolating Russia. However much it is reassured about NATO's benign intentions, Russia should not and would not stand by idly as every country on its western flank joins an opposing military bloc.

Third, Russia's entry into NATO would give the Atlantic community more influence over developments in Europe's east, where the key challenges of the coming decades will arise. At stake are the security of Russia's nuclear weapons and technology, Russia's relationship with China, the stability of Ukraine, and access to Caspian oil—interests that warrant deep Western engagement. Russia's relationship with its smaller neighbors, too, would be subject to the restraining effects of NATO's cooperative rules, helping to eliminate the residue of imperial ambition. In contrast, halting NATO enlargement at the frontier between Poland and Belarus would restrict the alliance from engaging in those parts of Europe where its peace-causing effects are most needed.

The Clinton administration, at least to judge by its rhetoric, has not ruled out Russia's eventual membership in NATO. In the President's words, "NATO's doors will remain open to all those willing to shoulder the responsibilities of membership." In reality, though, most officials do not take seriously the notion of Russian membership. At best, the minority willing to entertain the idea puts Russia at the end of a long queue, behind all the countries to its west.

Russia should be moved close to the front of the queue. To buy time for Russian democracy to deepen and for its economy to recover and mature, a small second wave of enlargement, one not likely to provoke Russia (Slovenia, Austria and Romania are prime candidates), should begin immediately. But the third wave should include Russia—so long as its economic and political circumstances improve—perhaps even accompanied by its three Baltic neighbors. Barring the collapse of the reform process, 2010 would seem a reasonable target date for Russia's entry into NATO.[1]

THE PROPOSAL to integrate Russia into NATO faces three main objections: that Russia is not interested in NATO membership; that Russia is headed toward collapse; and that Russia's entry into NATO would fundamentally alter the character of the alliance.

As to the first objection, Moscow remains uninterested in joining NATO in large part because it continues to see the alliance as an anti-Russian organization. This perception stems from NATO's persistence as a traditional military alliance and its purposeful aggregation of capability against—who else?—Russia. Were NATO to redefine its core mission and make clear its intention to include Russia, Russian perceptions of the alliance would evolve accordingly.

While the claim that Russian reform has

[1]For further discussion of Russia's integration into NATO, see James Goodby, *Europe Undivided* (Washington, DC: U.S. Institute of Peace Press, 1998).

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veered off track has substance, it is far too soon to write Russia off. On the contrary, there are three potent reasons to remain cautiously optimistic about Russia's future and hence to entertain seriously the notion that it will be ready to join NATO within a decade.

First, Russia is not coming apart at the seams. Although the country's regions are growing more powerful at the expense of the central government, devolution, on balance, contributes to the stability and integrity of the country. The strengthening of regional governors has brought a definitive end to the authoritarian state. In certain regions, democratic accountability, interest group formation, pluralist debate, entrepreneurship and market development are faring much better than at the national level. Indeed, these wealthier and more progressive regions may well emerge as the anchors of a decentralized Russian state.

Although the central government has lost its power more by default than by design, devolution will not soon become fragmentation. Moscow retains control of the military. It also remains the country's financial center, to which regional governments and firms turn for subsidies and capital. And if residents in the regions want more autonomy, most do not wish for independence. Ethnic Russians, who comprise roughly 82 percent of the population, remain firmly committed to an integral state.

Second, democracy and civil society, although still primitive, have begun to take root throughout Russia. Elections are today a matter of course. Voters choose from numerous candidates whose views range across the political spectrum. The media are relatively free and open debate the norm. Needless to say, Russia is not yet a liberal democracy. But there are good reasons to believe that the liberalizing forces that have swept from Europe's west to its east will with time take firmer hold.

Third, Russia is no longer an adversary of the West. It poses no military threat whatsoever to Central or Western Europe. Even ardent nationalists recognize that Central Europe has departed the Russian sphere. Although Russia has at times exercised its influence in the near abroad through coercive means, it has by no means attempted to reconstitute an imperial zone of domination. And to the extent that it barks at all, Russia's bark is much worse than its bite. Russia and China decry American hegemony, but do next to nothing to impede it. Despite confrontational rhetoric over NATO expansion, Iraq and the Balkans, Moscow has for the most part acceded to Western policy. Even while it condemned NATO's intervention in Yugoslavia and deployed a symbolic naval vessel to the Mediterranean, Russia continued to honor the arms embargo against Yugoslavia and kept its troops in NATO's peacekeeping operation in Bosnia. Far from being an intractable adversary, Russia is at worst a prickly bystander—and at times a reluctant but, as the Kosovo crisis shows, a very useful partner.

It is true, of course, that Russian membership in NATO would dilute the alliance and alter its character. But in the absence of an external threat, NATO must transform itself if it is to remain relevant. Its focus on defending the territory of members needs to give way to an emphasis on peacekeeping and on deepening cooperation among former adversaries. Automatic and binding defense guarantees should be replaced by more informal commitments to protect common interests through common action. If NATO is to be a vehicle for building security across Europe, it should cease drawing new lines and focus instead on integrating all of Europe's democracies into a cooperative security community.

Such a broader but looser NATO would have the advantage of being in harmony with domestic political trends in current NATO countries—especially in the United States. The ratification of enlargement by the U.S. Senate should by no means be interpreted as a resounding confirmation of American internationalism. Most Americans paid very little attention to the issue, largely because the new commitments exist only on paper. Indeed,

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after four years of impressive efforts by the Clinton administration to sell enlargement to the electorate, only 10 percent of the public was able to name even one of the three countries just admitted to NATO.[2]

Nor does congressional reluctance to send U.S. troops to Bosnia and Kosovo augur well for its willingness to stand behind the military commitments of Article V just extended to new NATO members. Hungary, after all, is just to Serbia's north. It is troubling, to say the least, that most senators and representatives are so ready to grant nuclear guarantees to Hungary, but so reluctant to have U.S. soldiers in the Balkans. Over the long term, the United States is far more likely to stay put in Europe if it is able to choose its fights than if it finds itself with iron-clad treaty commitments to countries that most Americans could not find on a map.

Europe Without Its American Pacifier?

THE SUCCESS of Russia's reform efforts and its integration into Western institutions would complete one of the most important transformations of the modern era: the democratization and pacification of all of Europe's great powers. But the emergence of such a democratic and stable Europe would put at risk one of the key sources of European peace: America's presence as an extra-regional balancer. The wider and deeper Europe's peace becomes, the more likely it is that the United States will focus its attention and resources elsewhere.

The prospect of a diminishing American role in managing European security is already causing concern in Europe. The central issue is not who will balance against Russia, however, but how the European project will fare if it can no longer rely on the United States as its strategic guarantor. In his 1984 article in *Foreign Policy*, "Europe's American Pacifier", Josef Joffe wrote that America's presence is central to preventing the return of national rivalries to Europe. Many contemporary scholars believe that his analysis still obtains, and that the continued viability of European integration depends on America's Continental commitment. But Europe cannot rely indefinitely on America's protective umbrella. The progressive pacification of Russia is only one of several factors that will induce the United States to lighten its load in Europe. The global diffusion of power, the end of unipolarity, the rise of China and a more inward-looking domestic politics in the United States all point to the redistribution or retraction of American power in coming years.

A world of multiple centers of power is looming ahead. Economic output in the United States has fallen from one-half to one-quarter of global product over the last five decades, and secular processes of diffusion will continue to redistribute economic and military might in the years ahead.[3] A rising China and a Europe united by a single market and a single currency are emerging counterweights to American power. Assuming the European Union succeeds in deepening its level of integration and expanding its membership, it will wield influence on matters of finance and trade equal to America's. A more balanced strategic relationship should logically follow. Then, too, there are signs that the American polity may embrace a more sparing internationalism in coming years. As younger generations rise to positions of influence and constitute a larger share of the electorate, the formative experiences that have shaped today's internationalism—World War II and the Cold War—are receding into the past.

Europe is in fact further along in developing a self-sustaining regional order than is

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[2]Pew Research Center for the People and the Press, "Public Opinion Leaders Favor Enlargement", October 7, 1997.

[3]See Jeffrey Frankel, *Regional Trading Blocs in the World Economic System* (Washington, DC: Institute for International Economics, 1997), p. 6. Even if the U.S. economy grows at a healthy rate, America's share of world product will continue to decline as other large countries develop.

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commonly recognized in the United States. While American power and purpose unquestionably made possible European integration and American guarantees enabled West Europeans to be comfortable with German recovery and rearmament, Europe is now to a significant extent running on its own steam.

The success of the European project stems from the fact that the Continent integrated itself internally at the same time that it was integrated into the Atlantic community of capitalist democracies. Germany dealt with its past and made peace with its neighbors, paving the way for a collective process of integration that has produced a dramatic result: the European Union. The degree of viability that the European polity has achieved stems in large part from the geopolitical transformation that accompanied integration. The Franco-German coalition has established itself as Europe's benign power center, with smaller states arraying themselves in concentric circles around this core, thereby replacing the destructive jockeying that plagued Europe during its long decades of multipolarity. In addition, through a host of institutions and practices—a European parliament, a common market, a single currency—EU members have gradually pooled their sovereignty, enabling the nation-state to exist comfortably alongside a supra-national union. That most of Europe's new democracies are now waiting impatiently for entry into the EU makes clear the appeal of this construction. And the prospect of entry in turn provides impetus for the resolution of disputes in Central and Eastern Europe.

Nor is Europe oblivious to the fact that it must begin to shoulder more responsibility on security matters. EU members have for years agreed on the need for a common foreign and defense policy—but have failed to follow up with concrete steps. The tide appears to be turning. British Prime Minister Tony Blair has made a top priority the creation of a more robust European defense capability, able to act without the assistance of U.S. forces. Long a brake on integration, Britain now appears to be casting its lot with a more unified and influential Europe. The EU is also pursuing a host of measures on the defense front, including establishing a policy planning unit and appointing a high representative to oversee security policy. The main impetus behind these initiatives is not to undermine American influence in Europe. Rather, Europeans are becoming increasingly aware that their strategic dependence on the United States is unsustainable. As Tony Blair put it, "We Europeans should not expect the United States to have to play a part in every disorder in our own back yard."[4] Better to prepare now than be left in the lurch when the United States decides to pass on some future crisis in Europe.

DESPITE good reasons for being optimistic about the European project, much remains to be done. Formidable obstacles stand in the way of a coherent European foreign and defense policy. Only a few years ago, Europe failed miserably when it tried to stop the fighting in Bosnia. On the economic front, structural rigidities and an overextended state sector continue to produce low growth and high unemployment, while both Germany and France lack the political will needed to carry out structural reform. Economic stagnation and political stalemate, if they continue, will damage the EU's coherence. So too does generational change pose a potential obstacle. For younger generations who lived through neither the horrors of World War II nor the formidable task of rebuilding Europe, escaping the past will no longer serve as a rationale for the European project. Elites will have to generate new arguments to ensure the integrity of the broader European polity.

At the same time that the United States takes the lead in expanding NATO and embracing Russia, it must also do what it can to strengthen the EU as an independent and

[4]Speech at the Royal United Services Institute, March 8, 1999.

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durable center of power. Even if it comes at the expense of U.S. influence in Europe or trade across the Atlantic, a stronger and self-sustaining European polity is in America's long-term interests. Washington can further these interests by dealing with Germany and France collectively. (Britain should be included if Blair continues to move it closer to Europe.) The United States should encourage, rather than view suspiciously, efforts to strengthen Europe's own defense capabilities and initiatives such as the joint visit of Helmut Kohl and Jacques Chirac to Moscow last year. And rather than press European forces to join their U.S. counterparts in battling common threats wherever they emerge, Washington should encourage Europe to shoulder more of the burden in its own neighborhood. Subsidiarity is after all a principle of the new Europe and one that should be applied as much to security matters as to other issues. Europeans must consolidate peace on the Continent before they can afford to focus their attention elsewhere.

It is primarily up to the Europeans themselves to prepare for a more balanced Atlantic relationship. Reallocating defense spending is the top priority. Europe spends far too much on troops, and far too little on capability. (Europe's collective defense spending is about 60 percent of America's, but EU countries actually maintain more forces under arms.) The EU needs to reduce the size of its standing army, consolidate its defense industry, and build forces capable of operating independently of the U.S. military.

U.S.-European Rivalry?

THE EVOLUTION of a stronger and more independent Europe is both desirable and inevitable. It is desirable because Europe's current level of strategic dependence on the United States cannot be sustained. It is inevitable because as Europe becomes a more formidable economic entity, it will aspire to a level of influence commensurate with its economic power.

The critical question for the future, then, is not *whether* Europe will rise as an independent power center, but what effect a self-possessed Europe will have on the character of relations across the Atlantic. History suggests that a more equal distribution of power between Europe and the United States will bring with it renewed geopolitical competition. The emergence of rivalry among poles of power is, after all, one of the few recurring truths of international politics.

Whether relative parity will indeed trigger rivalry between Europe and the United States depends in large part on what it is that keeps the current Atlantic relationship in such good shape. If, on the one hand, it is American preponderance that now holds competition in abeyance, then the rise of Europe promises to trigger geopolitical rivalry. When the power asymmetry comes to an end, so will European acquiescence. If, on the other hand, a shared commitment to democratic values and a common vision of an open, multilateral order are the foundation of the transatlantic community, then the West should easily weather a more equal distribution of power across the Atlantic. From this perspective, democratic norms and multilateral institutions will overwhelm the incentives on both sides of the Atlantic to engage in power balancing.[5]

My own assessment is that power asymmetry *and* shared norms and institutions are working together to produce the cohesiveness of the transatlantic community. Europe has been following America's lead in part because of U.S. preponderance, but also because it welcomes the particular brand of international order that the United States has crafted. As Europe matures and its aspirations broaden, more competition with the United States will follow. But this competition is likely to be muted and restricted largely to the economic

[5]See John Ikenberry, "Institutions, Strategic Restraint, and the Persistence of American Postwar Order", *International Security* (Winter 1998/99).

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realm. Optimism on this count stems from the following considerations.

The Atlantic democracies are far more than allies of convenience. They have succeeded in carving out a unique political space in which the rules of anarchic competition no longer apply. These states enjoy unprecedented levels of trust and reciprocity. It is hard to imagine that their interests would diverge sufficiently to trigger strategic rivalry. Indeed, armed conflict among the Atlantic democracies has become virtually unthinkable. These attributes of the Atlantic community are deeply rooted in the democratic character of its members and in the thick network of institutions they have erected to regulate their relations. The benign quality of the relationship between North America and Europe is thus unlikely to be threatened even by a quantitative shift in the balance of power.

The character of the emerging European polity also minimizes the potential for security competition between Europe and the United States. The European Union is primarily an instrument for managing the power of its member states, not for projecting it. Furthermore, even as integration proceeds, cultural and linguistic barriers are likely to prevent Europe from amalgamating into a single power. The decentralized nature of the emerging Europe will further limit its willingness and ability to project power externally, thereby diminishing the risk of geopolitical competition with the United States.

Despite the low probability that Europe's rise will lead to estrangement with the United States, prudence dictates preventive measures. Any American effort to resist Europe's ascent as a power center, for example, would alienate Europeans and increase the chances of geopolitical rivalry. The United States and its European partners, then, should rely more heavily on multilateral practices and institutions. When Washington is no longer able to call the shots, it will have no choice but to turn to consensual governance and multilateral institutions to manage international order.

The current scope of America's preponderance—and the reliance of virtually every quarter of the globe on that preponderance—will not endure. While they have the luxury of doing so, the United States and its main regional partners should begin to imagine life after Pax Americana.

This perspective necessitates both a short-term and a long-term strategy for the Atlantic community. In the short term, the United States should continue to guide NATO's enlargement and its internal reform, ensuring Russia's eventual inclusion. Until Europe has the wherewithal to act on its own, the United States should also take the lead in NATO military operations. Over the long term, the United States and its NATO allies should take steps to facilitate the gradual devolution of responsibility to the European Union. A more balanced relationship between the United States and Europe, and a European security order that is more European and less Atlantic, hold out the best hope for preserving a cohesive transatlantic community. As the twenty-first century progresses, America must become Europe's partner, no longer its pacifier. □

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To Sing a Different Song

The Choices for the Baltic States

James Kurth

IN THE NORTHEASTERN corner of Europe, there can be found the three small Baltic states of Estonia, Latvia and Lithuania. Although there have been long periods of time when they have been forgotten by the rest of Europe, the Baltics have actually been part of Western civilization for more than eight hundred years, and they have had a way of periodically breaking into the consciousness, and the conscience, of the West. Today, they are on the eastern frontiers of the newly expanded NATO and the soon-to-be expanded European Union. As such, they pose major foreign policy questions for the United States.

I had first visited the Baltic states in August 1989, on the occasion of the fiftieth anniversary of the Nazi-Soviet Pact, which had condemned them to Soviet rule, and at a time when they were rapidly re-establishing their national identities and autonomy. I visited Estonia and Latvia again last August, on the occasion of the seventh anniversary of their declarations of independence from the dying Soviet Union. What I found was not only a contrast between the romance of independence of 1989 and the realities of independence in 1998, but also a contrast between three different ways of looking at those realities.

The Baltic states should be viewed through three different prisms or perspectives, each revealing a particular reality about these countries today. These prisms are of the national, the Russian and the Western (especially the American) realities. Each of these prisms yields its own distinct narrative about what has happened in the Baltics in the past decade and its own distinct projection of what will happen in the decade to come. Each prism focuses upon a particular sector of the economy and upon a particular kind of politics. The interactions between the three realities give rise to the policy issues that are at the center of political debates about the Baltic states today. The most important of these issues for Americans is the question of "the second round" of NATO expansion. In this essay I shall deal only with the two countries that I visited last year.

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The National Tale

VIEWED THROUGH the national prism, the Baltic states offer a narrative that is surely among the most extraordinary and most moving in human history. It is a story that is romantic, heroic and even epic.

The national tale begins in the nineteenth century, when the Estonian and Latvian peoples—then really only peasant communities—were under the harsh political rule of the Russian Empire and the harsh economic exploitation of German landlords. As with the other subject peoples of Eastern Europe at that time, the Estonians and Latvians formed an identity around their newly written languages. But they also each added a remarkable

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feature to this process of national identity formation. This was the national song festival, in which, every five years or so, thousands of ordinary people would gather together in giant choruses to sing traditional (and also newly written) folk songs. Even more than Verdi's operas for the developing Italian national identity and Wagner's operas for the German one, the song festival, "the singing nation", was at the center of the new Estonian and Latvian national identities.

In the fullness of time (and with the play of fate), the First World War brought about the collapse of the Russian Empire and the dispossession of the German landlords in Estonia and Latvia. After heroic and victorious battles against the Red Army of the new Soviet state, these small nations established their own independent republics between 1918 and 1920.

During the ensuing period of national independence (1918-40), the Baltic states shared some of the darker qualities of other newly independent states in Central and Eastern Europe during the interwar period, including some political turmoil in the 1920s and some political authoritarianism in the 1930s (similar to the corporate-state systems of Austria and Hungary at the time). But for the most part, they were stable, peaceful, prosperous and decent.

The economies of the Baltic states were based upon a large number of independent farmers who produced high quality meat and dairy products for export to Western Europe. In this, the Baltic states were rather like Denmark (or, for a less exact American analogy, like Wisconsin). The worldwide Great Depression brought some brief economic distress, but the great urban and middle-class markets of Britain and Germany (the latter growing because of the Nazi rearmament program) still afforded considerable prosperity to the Baltic states. Indeed, at the end of the 1930s, the per capita income of Estonia was equal or greater to that of Finland, and Latvia's was not far behind.

This economic prosperity in turn provided the resources for an extraordinary cultural vitality, based upon a dense and intense network of literary, singing and artistic societies that were devoted to the preservation and development of the national culture. Estonia had one of the highest literacy rates in the world, and again Latvia's was not far behind.

It seems a little odd that the years of the Great Depression could be seen as a golden age by anyone, but Baltic history is full of oddities and paradoxes. In any event, the 1930s would be remembered by the Baltic peoples for more than half a century thereafter, right down until the early 1990s, as indeed such an age, one brief shining moment (caught in sepia-tone photographs, as if preserved in the famous Baltic amber). It was an era, and they were nations, whose essential goodness and decency must someday be recovered and redeemed.

The story of the sudden descent of the Baltic states from the golden age of the 1930s into the darkest depths of the 1940s is (or should be) well known. The successive horrors of Soviet occupation, Nazi occupation and Soviet reoccupation are movingly and memorably depicted in the superb Occupation Museum in Riga and in the Estonia History Museum in Tallinn. Many European countries suffered terribly during the Second World War, but arguably the Baltic countries suffered the most. Almost 20 percent of the population of each was either killed or deported to the Gulag archipelago by the Soviet police state. The percentage was far higher among political and cultural professionals—that is, anyone who might represent the national identity. But the economic base of the national identity, the independent farmers, was also destroyed, with the mass deportation of tens of thousands of them in March 1949.

By the early 1960s, the Soviets seemed to have totally extinguished the national identities of the Estonian and Latvian peoples. They were about as extinct as the national identity of the Tibetans. But then, in the 1960s and 1970s, the Soviets began to allow

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the staging of song festivals. Once again it was possible to be, if only for one brief singing moment every five years, a nation. By the 1980s, these song festivals were on a scale and with a significance even greater than a century before, during the period of national-identity formation, or a half century before, during the period of national independence. At one festival in Tallinn in 1988, 300,000 Estonians, or one-third of the Estonian people, were present. The singing nation was about to become "the singing revolution."

In the fullness of time (and with the play of fate, as represented by the odd conjunction of Ronald Reagan and Mikhail Gorbachev), the Cold War brought about the collapse of the Soviet Union and the dispossession of the Russian apparatchiks in Estonia and Latvia. After heroic but peaceful demonstrations against Soviet rule, these small nations once again established their own independent republics between 1989 and 1991.

This miraculous rebirth was the culmination of a grand narrative involving, successively, peace and prosperity, catastrophe and death, but, in the end, redemption and resurrection.

The Russian Tale

VIEWED FROM the national prism, the reality of the Baltic states is a romantic epic. Viewed from what might be called the Russian prism, however, things look quite different. It becomes more a case of the regression to the mean—in every sense of that word. In addition to the obvious facts of geographic proximity and military disparity with respect to Russia itself, the Russian reality of the Baltic states today consists of three internal dimensions: demographic, economic and social.

Demographically, about 30 percent of Estonia's population is ethnically Russian; in Latvia the figure is about 35 percent. The capital city and metropolis of each country—Tallinn and Riga respectively—has a substantial Russian majority. Indeed, the seven largest Latvian cities all have a Russian majority. The Russians largely live in vast and ugly working-class suburbs where it may truly be said that things fall apart. Moreover, in each country the eastern region bordering Russia has a very large Russian majority.

Russians did not comprise a large minority in the Baltic states during the first interwar independence period; at that time they formed less than 8 percent of the populations. Rather, the Russians were brought in during the Soviet period to be workers in the newly constructed Soviet-style heavy industries, and to be soldiers and sailors in the vast network of Soviet military bases along the Baltic Sea. Many Russian military officers found the Baltics to be a pleasant place to retire, and they are still living there today. The same is true of many former officers of the KGB.

Most of the Russians are not citizens of the new states. The granting of citizenship is closely tied to knowledge of the national languages, and for the most part Russians are unwilling or unable to learn these obscure and difficult tongues. They are in the Estonian and Latvian republics, but not of them.

The Russians have a political culture very different from that of the Estonians or Latvians. Like that of the Russians in Russia itself, it is authoritarian, ethnocentric and populist. The political culture of the Estonians and Latvians, on the other hand, is more like that of the Scandinavians—democratic, rationalist and legalist.

Despite being excluded from the Baltic political process, the Russians have gained some benefits from the Baltic economic success. In recent years, very few Russians have left to return to Russia. They have concluded that, things being as they are, it is better to be a second-class citizen in Estonia or Latvia than to be a first-class citizen in Russia.

The Russians once worked in heavy-industry factories that were the most advanced in the Soviet Union. This was the arduous but well-paid "black work." Today, these vast factories are decrepit, empty and useless. Many Russians in the Baltics are now employed instead in the vigorous construction

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industry. While these workers are at the lower levels of the Baltic economic ladder, they are still doing better than they would be in Russia.

Russia remains the largest trading partner of Latvia and the second largest (after Finland) of Estonia. A substantial part of the economy of Riga is in fact really a sort of offshore branch of the Russian underground economy, complete with an active and conspicuous Russian mafia.

Some major social features in Estonia and Latvia have a Russian-like character: the bureaucracy is burdensome, the political parties are ephemeral, and the capitalism is raw. As for the Russians in the Baltics themselves, they have the same social attitudes as Russians in Russia: many are conspicuously sullen, surly and self-pitying. And it has to be acknowledged that they have much about which to be self-pitying. I came away from Tallinn and Riga thinking that the typical Russian male is now the most contemptible human being to be found on the face of the Earth—a mean-spirited, crude, drunken lout who degrades public places, abuses his wife and disgraces himself. What is of political significance is that many Estonians and Latvians think the same.

The American Tale

THERE IS A THIRD reality in Estonia and Latvia, one that has sprung up in the last decade and that is impossible to miss. It is unavoidable not only because one now expects to find it in all of the ex-communist countries of Central and Eastern Europe, but also because one of its embodiments is the glittering high-rise office buildings that now loom over—and break up—the medieval, neoclassical or art nouveau skylines of Tallinn, Riga and even the Estonian university town of Tartu. This third reality consists of young and energetic entrepreneurs, high-tech business services and sleek retail stores.

The norms of this reality are set by American products, American practices and American pop culture, which together represent what are seen as "American standards." For many Estonians and Latvians, the definition of what it means to be Western has become not so much West European but instead American. The dynamic parts of the Estonian and Latvian economies are mostly to be found in this Western reality; these are the high-technology, skilled-service and commercial sectors. Most of the economic energy in Estonia and Latvia is driving these countries to become more Western, less national and less Russian. (An exception is the Russian underground and offshore economy, which has a perverse energy all its own.)

This American reality is characterized by a series of now large and still growing social gaps—gaps between rich and poor, young and old, and the private and the public services. The underclass of the American reality is even more evident in the public places of Tallinn and Riga than is its upper class; its saddest representatives are the pensioners—elderly, infirm, poor and alone.

The public display, the powerful dominance, of the American reality is pervasive and pronounced. When I was riding into the suburbs of Riga on the bus from Tallinn, I glimpsed in the distance three flag poles, each flying a large red banner emblazoned with a yellow device. Is it really possible, I wondered, that the Soviet hammer-and-sickle is still flown in Riga? But, of course, it is not possible. These were the red banners of a McDonald's restaurant, and the yellow device was the Golden Arches. The McDonald's flag is now ubiquitous in Latvia.

Since Estonia and Latvia had come into being—not just once but twice—as singing nations, I thought it would be fitting to take back home some recordings from the famous song festivals. My search in half a dozen record stores in both Tallinn and Riga nearly proved fruitless, as I peered at more than a thousand different recordings of Estonian and Latvian versions of new age, techno rock and heavy metal. Finally, in one and only one store in each city, I found one and only one cassette (not even a CD) from the national song festival.

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THE RESPECTIVE destinations of Estonia and Latvia are actually becoming quite clear. Although the preferred destination might be someplace in the United States, the actual one is rather closer to home.

Estonia is becoming a kind of South Finland. It is full of Finnish goods, investments, business people and tourists. Finland provides Estonia with the model for what it can and should be (and what it would have been, had there never been a half century of Soviet occupation and oppression). But Finland became a prosperous economy and sophisticated society in the 1960s, an era that was characterized by social-democratic policies and by a regional (Northern European) economy. Estonia seeks to become a prosperous economy and sophisticated society in the 1990s, a very different era and one that is characterized by free-market policies and a global (American-led) economy. The result is that Estonia will become a meaner, rougher version of Finland. (It is already the place where Finns come for the weekend to do meaner, rougher things.)

Latvia, or rather Riga, is becoming a kind of East Hamburg. Both Riga and Hamburg are vast port cities whose societies are complex and multicultural. Before 1914, a large and rich German minority dominated the economy of Riga. Although Germans will never again be demographically significant there, they are likely, through their trade, investments and tourism, to become economically substantial once more.

Beyond the Finnish and German attractions, the Baltic states confront an array of political, economic and military issues whose outcomes will determine their eventual identities. Each issue concerns the Baltics' prospective relationships with a Western international organization, especially the European Union and NATO.

But in their drive to the West the Baltic states must navigate a serious pothole. At the intersection of the three realities that we have discussed lies the political issue of the status of the Russian minority. Western governments and international organizations are pressuring the Baltics to admit the Russians to full citizenship and equal political rights. Indeed, the European Union has made progress in this direction a condition for considering the Baltics for membership. From the Western perspective, this is simply a matter of universal human rights, of freedom and equality for the individual. From the Baltics' perspective, however, raising the Russians to full citizenship and equal rights could mean lowering themselves back into the dark depths of the Russian reality. The Baltic nations could become more Western in form, as with formal membership within Western international organizations, but only at the cost of becoming more Russian in content.

The NATO Question

AT THE INTERSECTION of the Russian and the Western realities stands the issue of the military position of the Baltic states, and particularly the issue of NATO enlargement.

The Baltic states themselves intensely long for membership in NATO. Among Estonians and Latvians, there is probably more consensus in favor of membership than there is among Czechs and Hungarians. They see it as the ultimate, perhaps the only, guarantee that they will never again be plunged into the depths of Russian occupation and oppression. They have learned, perhaps overlearned, the lesson that any national independence that they might have can only exist within a more general dependence upon the greatest power to the West, and in this role America (strong and supreme, but remote and benign) is the perfect performer. The NA in NATO really stands not just for North Atlantic but for nuclear America. This is one reason why the Baltic definition of what it means to be Western is so enthusiastically American.

These Baltic ideas about security may seem self-evident, given the strategic position of the Baltic states. However, with a slight shift of the security vantage point northward

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(i.e., from Estonia and Latvia to Finland), we can see that a different conclusion might have been possible.

Before 1939 Finland had also been commonly defined as a Baltic state, along with the other three. Under the Russian czars, the positions of the four peoples had been roughly the same (although the Finns had somewhat greater autonomy). During the turmoil of the First World War and the Russian Revolution, the experiences of the four were again similar (although the Finns were somewhat less afflicted by the invading armies of the Germans and the Soviets). During the interwar period, the experiences of the four were again similar (although the Finns were able to preserve their democratic political system during the Great Depression).

In the fall of 1939, Stalin subjected the four Baltic countries to the same kind of military demands. But there then arose a crucial difference between Finland and the southern three Baltic states. The Finns fought the Winter War of 1939-40 to resist those demands, while Estonia, Latvia and Lithuania all yielded to them. As a result, by the 1950s Finland was defined no longer as a Baltic state but as a Nordic one, along with Sweden, Denmark, Norway and Iceland. And by the same time, Estonia, Latvia and Lithuania were defined merely as the Baltic republics within the Soviet Union.

During the Cold War, it was of course impossible for Finland to even consider joining NATO. Indeed, given their delicate relations with the Soviet Union, the other Nordic nations also chose to have relations with NATO that were rather less intense and full than those of, say, the Netherlands or Belgium. (Sweden was officially neutral; Norway and Denmark did not allow NATO troops to be based on their territories; and Iceland did not have any armed forces of its own.) The Northern Flank of NATO was organized very differently from and much more subtly than the Central Front.

In essence, Finland worked out a grand bargain with the Soviet Union (and also with NATO), in which it retained political, economic and cultural independence while giving up military and strategic independence. Indeed, while being in the strategic sphere of influence of the Soviet Union and having no military connections at all with the West, Finland was in the political, economic and cultural sphere of influence of the West. It retained its democratic political system throughout the Cold War, and it became first a member of the European Free Trade Association and later a member of the European Community. This was the famous—and, for some, notorious—"Finlandization." Now, with the benefit of hindsight, it clearly seems to have been a good thing for Finland.

If Finlandization was a good thing and a prudent policy for Finland on the Northern Flank of NATO during the Cold War era, could it be that something similar would be a good and prudent policy for the Baltic states on the eastern border of NATO during the post-Cold-War era? Why couldn't the Baltic states be in the Russian sphere of influence in regard to military and strategic matters, while being in the Western sphere of influence in regard to political, economic and cultural ones?

WHATEVER might be the advantage and prudence for the Baltic states of a contemporary version of Finlandization, it is a path decisively rejected by the Baltic states themselves. One reason is that they see themselves as having already chosen this path in their relations with Russia (Stalin's Soviet Union) in 1939, with the catastrophic consequences of annexation, oppression and deportations. A second reason is that, unlike Finland, Estonia and Latvia have those large Russian minorities living within them, which makes more difficult the political consensus and consistency, and the diplomatic subtlety and sophistication, that a policy of Finlandization requires.

From the perspective of the Baltic states, then, Finlandization is not really a choice; the only choice is NATO-ization. While eagerly awaiting what Americans have told them will

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be "NATO's second round of enlargement", the Baltic states are making the most of any opportunity for military cooperation with the United States that comes their way. One example has been the annual summer military exercise known as "Baltic Challenge." Although it includes military units from all of the NATO members bordering the Baltic Sea, including Poland, the largest participating units have come from the United States and from the three Baltic states. Another example is the "Baltic Battalion", which is composed of soldiers drawn from the three Baltics and which has served under NATO command in the peacekeeping operation in Bosnia. Almost anyone else would have seen military service in Bosnia as a danger and a burden to be avoided, but for the Baltic states it was an eagerly grasped opportunity and a prototype of good things to come. A third example has been the annual summer joint exercise held in Latvia between the Michigan National Guard and the Latvian army, complete with the ceremonial military participation of the visiting governor of Michigan (a state with a substantial Latvian-American community).

Aside from the foreign policy of Michigan, what is the policy of the United States concerning NATO enlargement and the Baltic states? A top U.S. foreign policy official with responsibility for Russia and the region has been quoted recently as saying, "We are waiting for the Russians to get bored, while we edge the Baltics toward the West millimeter by millimeter." Is this being clever, or too-clever-by-half? Can this professional expert on Russia really believe that the Russians are so stupid that they will get bored? Or does he really think that they are so weak that they will have to act as if they were bored? Perhaps he should reflect upon the belief among German foreign policy officials that Russia has the memory of an elephant: what the Russians have had to acknowledge and accept when they have been weak, they have remembered and rejected when they have again become strong.

Of course, Americans today may easily conclude that Russia is so far down and so far gone that it will remain weak forever, if indeed it remains a unified Russia at all. But here again the Germans have a different perspective, one closer to Bismarck's famous judgment that "Russia is never as strong as it appears, nor as weak." Bismarck's view is largely shared by the Baltic states, which is why they want to convert what they see as Russia's temporary weakness into what they see as NATO's permanent security guarantee.

Whatever the Baltic policy of the current feckless U.S. administration, is there a political base within the United States sufficient to support a second round of NATO enlargement that would include the three Baltic states (and not merely a couple of Balkan ones, particularly Slovenia and Romania)? Will it really be possible to persuade the U.S. Senate (and the U.S. Army) to assume a commitment to guarantee the military security of these small countries bordering on Russia, within 150 kilometers of Russia's second city, St. Petersburg, and containing Russian minority populations of 30-35 percent? And even if they should agree to this guarantee given current strategic conditions, what would they still agree to in the changed strategic conditions that could exist a decade or two from now?

In short, from the Baltic perspective, NATO-ization is indispensable, but from the American perspective it is improbable. The end result will likely be some kind of practical military coordination between the Baltics and NATO, but no formal membership of NATO. If so, the role of the Baltic states in the future would have some similarities to the role of Sweden in the Cold War era. But it would have even more similarities to the role of Finland today in the post-Cold War era. Finland continues to remain outside NATO, even though it cooperates with it and even though it is Western in every other sense. Perhaps the best course for the three Baltic states for the early decades of the twenty-first century will be to follow the lead of what was once their fellow Baltic state, in the early decades of the twentieth. □

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Fixing the IMF

Charles W. Calomiris and Allan H. Meltzer

THE FUTURE ROLE of the International Monetary Fund (IMF) is today in doubt. Former Treasury Secretaries George Shultz and William Simon have urged that it be closed. President Clinton wants the IMF to devote more attention to preventing crises rather than responding to them. Even the IMF criticized its own recent operations in Asia for protecting foreign lenders at great cost to borrowing countries and their citizens. Protestors in the Asian countries and elsewhere complain that the IMF is a lackey of the United States, doing the U.S. government's bidding to the detriment of local populations.

Before agreeing to provide more money for the IMF as part of the 1998 budget agreement, Congress insisted on greater transparency in decision making and higher interest rates on IMF loans. These changes are first steps toward reform of international lending institutions. Still, more fundamental reforms are needed to reduce the risks of destabilizing crises that have become more frequent and more costly. Even the losses suffered by bank depositors during the Great Depression pale by comparison to recent losses in Mexico, South America and Asia.

Five factors go a long way toward explaining why there have been so many large financial and foreign exchange crises in developing countries during the current period of sustained growth and development in the world economy: weak banks; government interference and direction of lending (part of crony capitalism); a large volume of misdirected bank lending; domestic government and IMF bailouts to protect foreign lenders and domestic oligarchs; and fixed, unsustainable exchange rates.

The proposal for reforming the IMF that we shall make in this article seeks to restore international lending while avoiding the excessive risk-taking that leads to financial bailouts and severe depressions, as in Mexico, Thailand, Indonesia, Korea and Russia. The new IMF would avoid both the problem of excessive risk-taking, followed by collapse, and the risk of a protracted reduction in capital flows to developing countries. The challenge is to reduce the costs of the present system while retaining the benefits for economic development of international lending and capital movements.

A Record of Failure

THE IMF and the World Bank were created at the end of World War II to foster long-term economic growth and stability in an environment of weak international capital markets. The World Bank's role was to boost capital flows to promote long-term growth. The IMF's role was to provide short-

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term assistance to facilitate the maintenance of fixed exchange rates. The presumptions underlying the creation of these Bretton Woods institutions were that, first, countries would maintain fixed exchange rates tied to gold and the dollar and, second, that private international capital flows would be rather modest.

Both presumptions proved to be wrong. The fixed exchange rate system ended in 1971, when President Nixon devalued the dollar and closed the gold window. All major currencies—the dollar, yen and deutschemark—soon began a managed float. And instead of a dearth of private lending, large-scale lending to developing countries has coincided with all of the major financial crises of the past twenty years.

Why have these institutions, intended to foster growth and promote stability, failed so badly in the Eighties and Nineties? Many reasons have been offered. Two aspects of private financial arrangements are of central importance: the form of international capital flows and the structure of domestic banking systems in emerging market economies.

Under current arrangements, corporations and bankers in the developing countries borrow from financial institutions and markets abroad. The loans are made at fixed exchange rates and denominated in dollars, marks or yen, so the lender is paid in his own currency and the borrower therefore bears the full risk of devaluation.

At present, banking systems in many developing countries are poorly capitalized and, therefore, unable to withstand heavy withdrawals. Bank depositors and stockholders are protected against loss by local governments. Banks often act either as agents of their government's development plans, or as captive financial arms of local industrial firms, lending at below-market rates to favored enterprises without careful screening for credit worthiness. Unlike prudent lenders, they do not diversify loans over borrowers in many different industries.

When problems arise in a developing country or the world economy as a whole, the financial position of banks in emerging market economies weakens. Because governments protect domestic banks from failure, banking losses become a fiscal burden on government and, therefore, on domestic taxpayers. To pay for these losses, governments borrow more from domestic and foreign lenders. The additional foreign borrowing strains their ability to repay, increasing the risk of devaluation, default and a foreign exchange crisis. Instead of renewing or increasing short-term loans, some foreign banks demand repayment in their own currency, further draining the borrowing country's reserves of dollars, marks and yen. Other lenders, seeing the loss of reserves, also demand repayment at the fixed exchange rate. As foreign reserves decline and the country can no longer honor its commitment to repay foreign borrowers at a fixed exchange rate, it must default, resulting in devaluation and a currency crisis. The crisis deepens the insolvency of domestic banks that have borrowed abroad in foreign currency and have assets priced in domestic currency. The currency and the weak domestic banking system collapse. The economy goes into recession, or deep depression, triggering additional bankruptcies, inability to repay domestic banks, and thus more bank failures and defaults on foreign loans.

To prevent such defaults, the IMF has taken on the role of lending to governments of developing countries in times of crisis. Much of the money that the IMF supplies is used to pay off foreign banks and to maintain the appearance of solvency at domestic financial institutions. Local taxpayers must repay these debts to the IMF in the future, so the banks' rescue is also at taxpayers' expense. The countries are often left in deep depression. Mexico in 1995 and Thailand and Korea in 1998 are the clearest examples.

Banking system insolvencies and improper government policies, not unwarranted speculative attacks on exchange rates, are among the principal reasons behind currency instability and financial failure. The IMF adds to the problem by fostering the belief that it will bail out the banks, however imprudent or

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insolvent they may be. The ultimate cost is then borne by local taxpayers.

The Orchestrator of Bailouts

PRIOR TO 1987, the IMF would not lend until borrowers worked out agreements with private foreign creditors. This forced debtors to negotiate in good faith with their creditors. Since 1987, the IMF has often been a lender not of last but of first resort, offering loans before private debtors and creditors reach agreement.

Why has the IMF undertaken the role of bailout agency for international lenders? First, the IMF is not independent of its member governments. Rather, its decisions are the direct result of votes by its member governments' representatives, and voting power is concentrated in the hands of a few nations. Accounting for 18 percent of these votes, the U.S. Treasury has used its considerable power to push through some IMF programs even over the objections of senior staff and country experts within the IMF. Thus, political objectives of one or more powerful members, rather than sound economic reasoning, often guide IMF intervention.

Second, to the extent that IMF staff are able to determine policy, they do not represent a reliable source of independent judgment. Indeed, many espouse the views of the borrowing governments they monitor. One reason is that their performance and promotion are much affected by the quality of their relations with foreign officials. Unfriendly actions by IMF staff members restrict their access to these officials. The finance minister or central bank president becomes "unavailable." Foreign officials use such subtle pressures to restrict criticism and avoid unwanted recommendations for reform.

One consequence of the IMF's new role as orchestrator of bailouts is that its programs are now much larger than before. Since foreign banks did not suffer losses in Mexico, they did not believe they were taking big risks in Asia and Russia. Bankers reasoned that if Mexico was important enough to the U.S. Treasury and the IMF that the banks had to be spared, Korea and Russia were at least as important.

In December 1997, for example, a prominent emerging-market investments newsletter told its clients that anticipated IMF protection would promote continuing inflows of funds to Brazil, despite its poor fundamentals:

> The combination of increased Japanese capital outflows over the year, a 'dip-buying' investor psychology which is spreading from U.S. retail to emerging market investors, and the massive Asian-crisis-inspired injections of high-powered global money by the IMF, will combine to ensure a market in which there is tremendous technical support. *Add in the clear moral hazard caused by the IMF bail-outs—two investors last week told me that they were planning to put on large Brazilian positions (even though they were very unhappy with the currency regime) because they were convinced that a Brazilian crisis would result in an immediate IMF bail-out—and it is hard to see why fundamentals should matter* [emphasis added].

Many lenders believed that the 50 or 100 percent rate of interest on loans to Russia prior to its crisis was close to a free ride because the United States and the IMF would not let Russia default. We now know these judgments were wrong in the case of Russia. International lending has declined as lenders have lost money and become much more cautious. Nevertheless, bailouts elsewhere, and their adverse consequences for investor behavior, continue.

Pluses and Minuses of a Floating Exchange Rate

ONE WAY to reduce the risk of financial collapse is to let exchange rates float. With fluctuating exchange rates, lenders would either take the risk of a change in the exchange rates or hedge that risk in the marketplace. Losses from exchange risk would occur gradually and openly instead of in the large, one-time adjustments that have devas-

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tated developing countries. The United States, Canada, the European Union, Japan, Switzerland and many others have adopted this approach.

Freely floating exchange rates are an entirely feasible and, some would say, desirable policy. But with floating exchange rates, prices of imported and exported goods and services change frequently, both up and down. Many producers, importers and exporters do not want to be exposed to frequent price changes, so governments often intervene in exchange markets to smooth these changes. Further, countries seeking to end inflationary monetary policies often fix their exchange rate for a time to signal a change in regime. This is a risky strategy unless the country can convince the market that the new exchange rate will remain fixed. These intermediate policies, neither floating nor credibly fixed, often increase country risk and end in collapse. Economists oppose exchange rate intervention, citing the long-term benefits for financial stability of a credible policy, but unfortunately these exhortations have little impact.

What Is To Be Done

1) Rules for Stable Banking

THE NATION-SPECIFIC political constraints that govern economic policy will continue to give rise to two types of countries: those with relatively sound, well-managed financial systems and those without them. Rather than continuing to participate in financial bailouts, the new IMF we envision should maintain incentives that avoid banking crises in the first place, and thus the accompanying severe losses to borrowing countries and their citizens. The role of the restructured international lender that might replace the current IMF would be to serve as lender of last resort to countries with sound financial systems, while providing incentives for strengthening financial systems elsewhere.

We propose that a restructured IMF limit membership to countries that meet certain standards of conduct in their banking systems. The decision to adopt these standards would be left to each country, but doing so would be a condition for joining the system.

The standards we have in mind would be simple and easily verifiable. First, all domestic commercial banks would have to issue part of their liabilities in credibly uninsured debt. The owners of the debt would bear the risk of bank default, so they would have to be non-government entities—preferably foreign banks and institutional investors. Their function would be to monitor the banks' decisions and share the risk of failure with owners of bank equity. Hence, they would have incentives to demand prudent policies.

Current bank equity capital requirements are based on an international agreement to maintain enough equity to protect taxpayers (who insure bank deposits) from the consequences of bank loan losses. In theory, the equity buffer forces owners to bear the bulk of losses and discourages banks from taking unwarranted risks at taxpayers' expense. But in practice, bank equity capital requirements are an inadequate deterrent. Equity capital is not measured accurately by bank supervisors because it is difficult to foresee defaults, and supervisors lack economic or political incentives to identify problems early. Failing to recognize losses and then subtract them from the owners' capital means that capital is overstated. Owners of banks that enjoy government deposit insurance have much to gain and little to lose by increasing bank risk once capital is impaired. Gains on the risky loans, or gambles in foreign exchange markets, accrue to them; losses are borne by the government.

Existing bank equity requirements would be strengthened substantially by requiring banks to finance a minimum proportion of their assets with uninsured debt. To protect their positions and minimize the risk to themselves, uninsured debt holders would discourage bank risk-taking in the wake of losses. Thus market discipline from uninsured debt would prevent banks from abusing govern-

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ment protection of deposits more effectively than current equity capital standards.

Second, depositors would continue to be insured, as in fact they are in almost all countries. Deposit insurance raises some problems, but its absence raises the much larger problem of bank runs and destruction of the payments system. Further, explicit deposit insurance has several advantages, including the opportunity to charge for the service and strengthen prudential regulation.

A third requirement for IMF membership would be that countries open their financial markets to competition from abroad. Branches of foreign banks domiciled in the country would provide competition, improve standards of performance and train local personnel. In the event of a problem or crisis, these foreign branches would be protected by their home offices, so they would contribute to stability and enhance safety. Further, their domestic loans would be a small part of a diversified portfolio of loans to many countries. Such diversification is an effective means of reducing risk.

The three elements of this plan for reforming banking systems are not novel; some variant of each of them is now accepted practice in several countries. Chile and Argentina have in place requirements for uninsured debt finance. A broad consensus, including the Bankers Roundtable, some Federal Reserve officials, and some members of Congress, advocates a similar requirement for the United States. Many Latin American countries have already opened their markets to foreign banks. Approximately half of Argentine deposits are now held by such banks, and foreign banks operate successfully in Mexico, Brazil and elsewhere. Moreover, the World Trade Organization's financial protocol requires free trade in financial services to be achieved over the next decade. The implementation of our proposals would strengthen countries' incentives to open their financial markets sooner.

Many other rules could be added in the interest of promoting bank solvency. Our aim is to have few, transparent and verifiable conditions for membership in a new IMF. We rely on incentives and competition to lead bankers toward more prudent behavior. Market discipline provides that incentive and encourages banks and their debt holders to improve transparency, adopt effective bankruptcy codes and develop rules for contract enforcement.

Governments can accelerate the process of improvement by adopting accounting standards that increase transparency and provide uniform measures of profit and loss. But accounting rules and legal restrictions are of little benefit if no one has an incentive to use or enforce them. Market competition is a lever that raises standards because prudent lenders are more secure and better able to service their customers without interruption.

Historically, when banks have faced market discipline, they have been far more resilient in the face of shocks. Banks have responded to losses by reducing asset risk or raising capital. By increasing their cash holdings and cutting dividends to stockholders, they have tried to reassure depositors that bank losses would not result in depositor losses. When discipline is absent, however, banks have opposite incentives. Initial losses are followed by increases in bank risk-taking. Failing U.S. savings and loans in the 1980s, for example, increased risk-taking. Banks gambled to achieve high profits but instead took large losses. Losses on risky investments were shifted to taxpayers via the deposit insurance system. In Japan, Korea, Thailand, Indonesia, Mexico and elsewhere, risks were increased both in order to continue supplying credit to borrowers favored by bankers or the government and to increase profits. In all cases, failures were borne by the taxpayers, as they were in the United States.

The taxation of ordinary citizens to pay for bank bailouts can wipe out the savings of a generation. Losses in excess of 20 percent of GDP are not uncommon in Asia today nor were they in Latin America earlier. Japanese bank failures will cost taxpayers 20 to 30 per-

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cent of GDP. Our proposal seeks to eliminate or reduce the size of bank bailouts. Banking reform is one crucial step. Reform of international lending is the other.

2) Rules for International Institutions

MORE THAN a century ago, a British economic journalist, Walter Bagehot, set out the classical principles for a central bank acting as lender of last resort: lend freely in a crisis at a penalty rate against collateral. Adapted to international lending, Bagehot's rule is the proper rule for a restructured, more effective IMF.

Adopting Bagehot's rule would require three major changes in IMF practices. First, until this year the IMF lent at below-market rates of interest, in effect subsidizing borrowers and encouraging delayed repayment. We propose that lending be done at a penalty rate; that is, a rate above the pre-crisis market rate on the borrower's collateral. A penalty rate encourages the borrower to negotiate with private creditors to seek (lower) market rates. The IMF would lend only when there is a liquidity crisis—that is, when private lenders are unwilling to lend. That is precisely the responsibility that a lender of last resort should fulfill. If the system functions well, the new IMF would lend infrequently.

Second, the IMF should start to require collateral to guarantee repayment. By pledging collateral, the borrower shows that it has valuable assets, and thereby is not insolvent or bankrupt. The lender, meanwhile, gets a guarantee of repayment, and it can sell the collateral in case of future default. Further, requiring collateral for loans encourages countries to maintain liquid assets to be used for this purpose in a crisis, thereby reducing the chance that a banking crisis will occur. Some part of the collateral would consist of negotiable foreign bonds, while the balance would consist of other items. For example, to guarantee its loan from the U.S. Treasury in 1995, the Mexican government pledged its receipts from oil sales. These receipts were deposited at the New York Federal Reserve Bank until the debt was repaid. Collateral could also include other dollar-denominated assets owned by the borrowing country's central bank.

Third, IMF lending would be restricted to member countries that adopt the earlier prescribed banking standards.

If it followed these rules, the IMF would not bail out insolvent banks or banking systems in the guise of protecting the liquidity of member governments faced with a run on their currency. Unlike the present system, the IMF would not impose conditions on the borrowing country, other than membership rules and collateral requirements. Countries would be free to adopt the economic policies of their choice, not, as is frequently charged, policies imposed by the IMF acting as the agent of the U.S. government. Private lenders, knowing that they would not be bailed out without loss, would have an incentive to scrutinize more carefully the policies of countries to which they lend. Borrowing arrangements would be fixed in advance. Countries would avoid the weeks or months of negotiation during which the Mexican, Indonesian and Korean crises became more severe and more costly to local populations.

To finance its lending, member governments would contribute marketable bonds to the IMF. These bonds could be sold in the market or to central banks in hard currency countries to fund IMF loans. The IMF would be allowed to borrow, against collateral, from central banks in countries with internationally accepted monies. The central banks would lend risklessly at a market rate against collateral. They would be free to offset the effect of the borrowing on their own interest rates and economic activity to avoid any inflationary effect or conflict with domestic policy.

All currency crises are not banking crises. Indeed, our plan separates the two by requiring countries to develop and maintain prudential standards for banking, and it increases reliance on floating rates to avoid currency crises. As the number of countries qualifying

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for the new IMF increases, banking crises would become less frequent. Currency crises might continue in countries with fixed exchange rates, but they would be less costly because banking systems would be much more stable.

3) Other Foreign Assistance

TWO OTHER changes would be a necessary complement to our program: first, Congress should abolish the Exchange Stabilization Fund, a remnant of the 1930s; and second, the World Bank should be restructured to concentrate on long-run assistance to spur economic development. It should not participate in IMF loans or compete with the IMF as a source of emergency lending, as it has often done.

Originally intended to support the dollar exchange rate after the 1934 dollar devaluation, the Exchange Stabilization Fund has become an off-budget slush fund that the Treasury uses to make foreign loans. The appeal of the Stabilization Fund to the Treasury and the administration is that it enables them to avoid the congressional appropriation process. They obtain funding, in part, by spending some of the Stabilization Fund's $25-30 billion of foreign exchange holdings and, in part, through a complex arrangement called "warehousing", under which the Treasury borrows directly from the Federal Reserve to augment the Fund. Closing the Exchange Stabilization Fund would require the administration to use the normal congressional budget process. Foreign assistance, like any other expenditure, could only be proffered with congressional approval and oversight.

One of the IMF's most costly mistakes was to accept responsibility for lending to Russia. It had no previous experience and no special expertise in restructuring a non-market economy. It was unable to enforce the lending conditions it imposed. And, because it was committed to "successful transformation", it was reluctant to withhold its loans.

Transformation lending to Russia took the IMF, with the support and encouragement of the G-7 governments, far beyond its mandate and experience. The Russian default is a principal reason for recent world financial turbulence and the large losses borne by banks and financial institutions in many countries. A restructured IMF would have been prohibited by its charter, and also by the conditions of membership, from lending to Russia. This was foreign aid that should have required approval by the individual G-7 parliaments. The IMF and World Bank should not become the means of circumventing parliamentary oversight and appropriations.

Political Impediments to Reform

EXPERIENCE shows that, economically, these reforms are feasible. For over thirty years prior to World War I, market discipline reigned in banking, and government interventions were typically limited to liquidity assistance through Bagehotian lenders of last resort. An integrated global capital market successfully mobilized far more resources relative to economic activity for use by then-emerging market economies than today's markets do. Lenders of last resort operated successfully to stem liquidity crises. Banking crises in emerging economies were infrequent; banking insolvency was a much smaller problem; and currency collapses were rare compared to today's experience.

Politically, however, there are significant impediments to reform. Four constituencies will likely oppose some or all of our proposed reforms: banks in developed economies; oligarchs in emerging markets; IMF bureaucrats; and U.S. Treasury officials (and their counterparts in other G-7 countries). Each of these groups would lose power, influence or subsidies.

A possible quid pro quo to secure the support of global bankers is the removal of barriers to the entry into new markets (which our plan would require), and the

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expansion of their powers domestically and abroad in exchange for the acceptance on their part of new capital requirements based on market discipline. In fact, that is the scenario envisioned by the Bankers' Roundtable in their recent statements of support for enhancing market discipline in U.S. banking. The Roundtable realizes that the creation of credible market discipline would clear the way for deregulation, because it would eliminate any possibility of a "safety net subsidy for risk." Avoiding that subsidy has been one of Federal Reserve Chairman Alan Greenspan's main arguments in blocking some of the most dramatic elements of U.S. bank deregulation.

In emerging market economies, placating vested interests is more complicated, particularly in countries with weak banking systems where it would be difficult for banks to accept discipline. There are countervailing pressures, however. Members of the World Trade Organization have agreed to open their financial markets to competition. Our proposal would strengthen this agreement by restricting membership in the IMF, and therefore access to IMF resources, to countries that adopt sound banking policies. Long-term World Bank loans could be used to strengthen banks' capital structure and, thus, their ability to compete.

Persuading the Treasury to relinquish its power to use the Exchange Stabilization Fund, the IMF and the World Bank as off-budget slush funds will not be easy. However, a large part of the public opposed the recent appropriation to increase the IMF's resources. Congress delayed approval for many months, insisted on minor reforms and established an independent commission to recommend deeper reforms of international financial institutions. Congressional recalcitrance and public opposition have gained the attention of Treasury and IMF officials.

The U.S. government is the largest contributor to IMF and World Bank funding. If Congress responds to public concern about the large sums spent in Mexico, Russia, Asia and Brazil, reform could be speedy, credible and deep.

THE IMF HAS responded to recent financial crises and its own past failures by proposing increased transparency, better, more timely release of information, and better surveillance and supervision. These suggestions are useful but not in themselves adequate to correct the problems in international financial arrangements. Government supervision and accounting standards do not prevent failures, as regulators sometimes fail to use available information or look the other way when violations of prudential standards occur.

The incentive structure of the IMF is counterproductive to reform, as it rewards officials for making loans, not for insisting on prudential policies. Corruption in Russia, Indonesia and elsewhere was not a secret. IMF officials had no incentive to emphasize problems of this kind or even to insist on enforcement of the conditions agreed to when the loans were made. The reason is clear: unlike uninsured private market creditors, government and international supervisors lack both the incentives and the ability to enforce prudential standards. Supervisory failures of the U.S. savings and loan system and the banking systems of Mexico, Japan, Thailand, Korea, Indonesia and many other countries resulted from failure to use available information in a timely way.

Our proposal anticipates greater reliance on fluctuating exchange rates. But even in countries with fixed exchange rates, market processes, incentives, diversification and competition will improve safety and soundness and reduce the risk of financial collapse accompanying exchange rate devaluations. Better information and supervision help these processes to work, but they are complements to, not substitutes for, market discipline.

By eliminating IMF discretion over the circumstances under which lending occurs, and over the conditions and terms of that lending, our proposal would end discretionary inter-

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ventions by the IMF to distribute emergency foreign aid to insolvent governments and financial institutions as part of a bailout plan.

IT IS EASY TO construct examples of potentially beneficial emergency foreign aid using complicated economic models to show that, in some circumstances, the benefits exceed the costs. The IMF often justifies its actions as a means of preventing crises from spreading to other countries. This argument has some merit. A crisis in one country calls attention to unwise policies and weak financial systems elsewhere. Global lenders suffer losses, so they may restrict credit to solvent borrowers in other countries that they previously financed.

But the solution does not lie in rescuing foreign lenders. That encourages continued imprudent behavior. A better solution is to give countries incentives to reform their financial structures and improve their policies to make them less vulnerable to contagion. Markets may err for a time, unable promptly to distinguish the solvent from the insolvent borrowers and the more risky from the more secure loans. These errors do not persist for long.

History teaches that misaligned incentives, not inherent financial fragility, are the primary source of insolvency crises in the world today. Government safety nets and IMF bailouts are a major part of those incentive problems. It is possible to correct these core incentive problems by constructing a world financial system subject to market discipline, with fewer and smaller liquidity crises.

Although our proposal would prevent the IMF from giving ad hoc foreign assistance to insolvent financial systems, other mechanisms would be a useful supplement. Bankruptcy laws that delineate loss-sharing rules are the answer to insolvency problems in financially developed economies. Similar rules would have evolved much faster in underdeveloped economies if IMF-orchestrated bailouts had been absent over the past twenty years.

In April the IMF announced a new facility to lend to qualified countries in advance of a crisis. Although the proposal moves the IMF in a direction we recommend, the change is insufficient and incomplete. First, the program is an addition to, not a substitute for, current IMF programs. Lending to countries with insolvent banks could continue. Second, lending criteria are vague and subjective. Unless objective conditions are clear in advance, response to crises will continue to be delayed. Third, there are no collateral requirements to maintain lending standards and reduce risk. The new program, like previous programs, invites discretionary judgment and political influence.

We envision a new IMF, one providing elastic and immediate liquidity to member countries that share a commitment to sound financial practices, and one engendering a system based on rules that increase incentives for prudent behavior by lenders and borrowers, the private sector, the governments and the IMF.

What the IMF would lose is its power to demand policy changes as a condition of its loans. It could not act as the agent of any government; its staff would gather information and make interventions under predetermined rules; it could not exercise discretionary lending that could be prone to corruption. The rules would be the same for all borrowers, no different for those favored by the U.S. Treasury Department than for others. Countries could at their own risk choose other policies by opting out of membership in the IMF.

Such reforms as we propose would greatly reduce the frequency and size of financial crises to the benefit of all nations, and would convert the IMF into a less costly, more stabilizing institution that could offer incentives for prudent policies and market-based solutions. □

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Jimmy Polk's War

Patrick J. Buchanan

[It is] the right of our manifest destiny to overspread and to possess the whole of the continent which Providence has given us for the development of the great experiment in liberty and federative self-government entrusted to us.

—John L. O'Sullivan, New York Editor, 1845

EVERY GREAT FORTUNE, it is said, is the fruit of some great crime. Was America's tearing away of the Southwest and California from Mexico such a crime, an act of imperial aggression? Was our war with Mexico the "most unjust war in history", as Ulysses S. Grant, a veteran of that war, described it? Among the Blame America First precincts today, and south of the Rio Grande, this belief is widespread. But to see the critical distinction between naked aggression and Manifest Destiny, we must review the history of 1835-48, when the United States doubled in size to reach the Pacific.

As far back as the early 1820s, Americans setting out for the West began to take up an offer from a newly independent Mexico to settle in Texas. By 1835 more than thirty thousand Americans lived in Texas, where they outnumbered the Mexican population ten to one. Among them were adventurers like Jim Bowie, inventor of the eighteen-inch knife they called the "genuine Arkansas toothpick", Davy Crockett, frontiersman and former congressman from Tennessee, and Sam Houston. On March 27, 1814, Ensign Houston had been first to leap the Creek barricades at Horseshoe Bend on the Tallapoosa, where eight hundred braves had fought to the death. Houston's commander at Horseshoe Bend had been Andrew Jackson.

Allowed to enter Texas on the condition that they become Mexican citizens and Catholic converts, these settlers still thought of themselves as Americans and chafed at the demand that they give up their U.S. citizenship and convert to an alien faith. After a series of revolutions in Mexico City thrust into power the brutal and corrupt General Antonio Lopez de Santa Anna, who set aside Mexico's liberal constitution and began to repress the Texans, even moderates like Stephen Austin, son of Moses Austin who had been invited in by Mexico to settle Texas, thought it time to declare independence. In 1835 the Texans rose in rebellion and chased the weak Mexican army garrisons over the Rio Grande.

But the Mexican dictator was determined not to lose his province. Leading 7,000 troops, Santa Anna crossed the Rio Grande and encountered 180 defiant Texans holed up at Alamo mission. Crockett and Bowie were among the defenders. For twelve days the Texans held off Santa Anna's army. When the frustrated and enraged Mexicans finally over-

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ran the mission, they put every last man and boy to the sword. Moving east, Santa Anna encountered another band of Texans at Goliad. Outnumbered ten to one, these Texans surrendered.

> In violation of the surrender terms, the Mexicans roused the prisoners from their sleep, marched them a short distance from the town, and shot them in cold blood on Sunday morning, March 27. Like the slaughter at the Alamo, the massacre at Goliad sent aroused volunteers flocking to join Houston's army.[1]

"Exterminate to the Sabine!" was the war cry of Santa Anna's army as it continued east. For thirty-eight days, Houston's small force retreated. At the juncture of Buffalo Bayou and San Jacinto River, Houston halted, wheeled and surprised the Mexicans at their siesta. With cries of "Remember the Alamo!", "Remember Goliad!" and "Death to Santa Anna!" the Texans stormed the Mexican camp, slaughtered six hundred soldiers, and captured seven hundred. Santa Anna was discovered cowering in the grass, disguised as a common soldier.

The Texans wanted vengeance, but Houston knew the prize he had. On May 14, 1836, the quaking Mexican leader was coerced into signing two treaties. The first declared an end to the fighting and called for a Mexican withdrawal; the second, which was secret, recognized the Texas republic, with its border on the Rio Grande. Texas was an independent nation. But no sooner had Santa Anna been turned loose and sent home than he repudiated what he had signed.

Do We Really Want Texas?

TEXAS WAS now free, but its situation was precarious. Unrecognized by a brooding Mexico with a population two hundred times as great, the Lone Star Republic sought the protection of the Eagle; Houston wanted immediate U.S. annexation and statehood.

Jackson was hesitant, for, inevitably, the dreaded slavery issue had reared its head. In the clamor for statehood, northern abolitionists saw a plot by slave states to increase their power in Congress. William Lloyd Garrison, editor of *The Liberator*, dipped his quill pen in abolitionist acid:

> Texas is the rendezvous of absconding villainy, desperate adventure, and lawless ruffianism—the ark of safety to swindlers, gamblers, robbers, and rogues of every size and degree. Its distinguishing characteristic is unmitigated depravity. Nothing homogeneous is found among its population, except a disposition to extend and perpetuate the most frightful form of servitude the world has ever known, and to add crime to crime.

Fearful that annexation would divide his party and defeat his heir, Vice President Van Buren, and perhaps even ignite a war with Mexico, Jackson proceeded with caution. Not until his last day in office, a year after San Jacinto, and only after both houses of Congress had voted to recognize Texas, did he recognize the independence of Texas.

Texas was now Van Buren's problem. Yet no sooner had he taken office than the Panic of 1837 struck, the result of the economic turmoil following Jackson's war with Nicholas Biddle's Bank of the United States. The Philadelphia banker had foolishly challenged Jackson in terms certain to arouse the old warrior: "This worthy President", Biddle had boasted, "thinks that because he has scalped Indians and imprisoned judges, he is to have his own way with the Bank. He is mistaken." Biddle misread his man. "It is trying to kill me, but I will kill it", Jackson told friends of Biddle's bank. Inaugurated for a second term, the President yanked all government deposits out of the BUS, persuaded Congress not to renew its charter, and effectively starved it to

[1]Alexander DeConde, *A History of American Foreign Policy* (New York: Charles Scribner's Sons, 1963), p. 183.

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death. He then put the government deposits into state-chartered banks, derided by foes as "pet banks." Less responsible than the BUS, these banks began multiplying the number of bank notes in circulation. Money expanded by 50 percent, creating a speculative boom in land and stocks. The boom of 1835-36 began the Panic of 1837, inherited by the luckless Van Buren.

His plate full, Van Buren put Texas on the back burner. When the Texans petitioned again for statehood, "the Little Magician" brushed them aside. Spurned again, Houston withdrew the offer, and, still fearful of Mexico's dictator, began to court Great Britain. The British Parliament was receptive. An independent Texas would block America's westward expansion. British merchants were enthusiastic, too. If the Texans could be persuaded to embrace free trade, British goods could enter Texas duty-free and be easily transported to the southern and western United States, undercutting Yankee manufactures. Texas could also become a source of Britain's cotton and a magnet to lure the free-trade South away from the high-tariff North. The American South could be converted into a virtual colony of the Empire.

In an independent Texan Republic, Britain and France thus saw a means to divide the upstart Americans and establish a bulwark against Yankee expansionism. Both recognized the Lone Star Republic. So the situation simmered.

Tyler's Dream, Adams' Threat

EIGHT YEARS after San Jacinto, a worried John Tyler sat brooding in the Executive Mansion, a President without a party. Tyler, a Calhoun Democrat, had been put on the Whig ticket in 1840 to win Southern Democrats to William Henry Harrison. "Tippecanoe and Tyler, too" had carried the nation, and Tyler took office when the sixty-nine year-old Harrison, a month after being sworn in, succumbed to pneumonia contracted during a two-hour inaugural speech he made in the cold, without wearing an overcoat.

"His Accidency" needed an issue to win the presidency in his own right in 1844, and thought he had found it in the annexation of Texas with its appeal to a South that saw in the Lone Star Republic a new slave state—and indeed the possibility Texas might be broken up into as many as five new slave states with ten senators. John Quincy Adams, the country's sixth president, now serving in the House, saw the same possibility, only he saw it as a threat to the Union. Adams issued a warning:

> We hesitate not to say that annexation . . . WOULD BE IDENTICAL WITH DISSOLUTION. It would be a violation of our national compact . . . so deep and fundamental . . . as, in our opinion, not only inevitably to result in a dissolution of the Union, but fully to justify it.

Adams was threatening secession, and, again, Americans began to talk of disunion. In 1814 New England Federalists had threatened to secede over "Mr. Madison's War." In 1820 there had been rumbles of secession if Missouri were allowed into the Union, giving the slave states a two-vote margin in the Senate. Even the aging Jefferson had heard a "fire bell in the night." In 1832 Calhoun's South Carolinians were ready to secede over the "tariff of abominations." Now, Tyler's proposed annexation of Texas was threatening to break apart the nation.

But Tyler was determined to go ahead. His agents assured Texans that if they would request annexation again, two-thirds of the Senate would vote to take Texas in. Relying on his assurances, Texans swallowed their pride and for the third time requested admission.

Calhoun Returns to the Cabinet

FATE intervened to kill Tyler's dream. Captain Robert F. Stockton had persuaded Congress to build the *Princeton*, a revolutionary frigate designed by

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the Swedish engineer John Ericsson, inventor of the screw propeller. *Princeton* carried two revolutionary, smooth-bore, twelve-inch wrought-iron guns. One, brought from England by Ericsson, was called "Oregon"; the other, designed by Stockton, cast in an American foundry, was "Peacemaker." Both had been tested, but on a gala cruise down the Potomac, "Peacemaker" exploded, killing Secretary of State Abel Upshur, who had been handling the Texas negotiations. For Tyler the tragedy was not unmitigated. The blast that killed Upshur, the secretary of the navy and a state senator, also delivered into Tyler's arms the senator's daughter, Julia Gardiner, whom the President proceeded to make the second Mrs. Tyler and mistress of the Executive Mansion.

Upshur's post was now offered to Calhoun, who, seeing himself as Tyler's successor, quickly accepted. Believing that statehood for Texas was a foregone conclusion, the Senate unanimously approved Calhoun's nomination, assuming his role was to negotiate a favorable settlement with the British over Oregon. But success required a subtlety of which Calhoun proved incapable. To Northerners and Westerners, the annexation of Texas was an appealing way to frustrate Britain's anti-U.S. policy. To Calhoun, annexation meant added political weight for the South. Unfortunately, Calhoun immediately conflated the Texas issue with slavery.

The British had long been working to abolish slavery in Texas. In Old Hickory's eyes, England's motives were not altruistic, but the darkest—to destabilize his beloved Union: "Would not . . . our slaves in the great valley of the Mississippi [be] worth nothing, because they would all run over to Texas, and under British influence, liberated, and lost to their owners!" Calhoun agreed. And when the new secretary of state received a note from British Minister Richard Pakenham, he used his reply to instruct the envoy. Slavery, wrote Calhoun, was being misrepresented. It was not an institution of brutality and force, but of piety and love that benefited master and slave alike. Moreover, the U.S. government was obliged to defend the institution, would do so, and intended to annex Texas to keep Britain from undertaking, via diplomacy, to free its slaves.

Calhoun's letter quickly found its way into the press, and North and West were suddenly arrayed against the South—over Texas. In a thundering oration to the young men of Boston, John Quincy Adams came close to calling for a civil war of emancipation:

> Your trial is approaching. The spirit of freedom and the spirit of slavery are drawing together for the deadly conflict of arms. The annexation of Texas to this union is the blast of the trumpet for a foreign, civil, servile, and Indian war, of which the government of your country, fallen into faithless hands, have already twice given the signal—first by a shameless treaty, rejected by a virtuous senate; and again by the glove of defiance, hurled by the apostle of nullification, at the avowed policy of the British empire peacefully to promote the extinction of slavery throughout the world. Young men of Boston: burnish your armor, prepare for the conflict, and I say to you, in the language of Calgacus to the ancient Britons, think of your forefathers! Think of your posterity!

Tyler's treaty went down to crushing defeat. With a two-thirds Senate vote needed for approval, the annexation of Texas was rejected, 35 to 16.

The Dark Horse

JACKSON WAS SICK: "I fear Texas is gone from us and in the embrace of England. Houston has been most cruelly treated." He poured out his contempt on "those craven hearted Senators, Traitors to the best interests of our country, and to our Glorious Union. . . . [Must we now] go to war with England and France, to gain Texas, offered to us in peace and honorable terms, [and] rejected for political effect[?]" Old

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Hickory saw in British maneuvers a violation of the Monroe Doctrine. Britain was seeking a protectorate in Texas, Jackson believed, a satellite nation set down in the path of his Union.

As the election of 1844 approached, the divisions grew bitter and deep. Dixie "fire-eaters" demanded "Texas or disunion!" Texas was "the all absorbing question, stronger even than the presidential", said Calhoun. "If lost now, it will be forever lost; and, if that, the South will be lost."

Jackson had written off Henry Clay, the probable Whig candidate, as "a dead political Duck!" when he learned Clay was opposed to annexation. Then, Jackson was handed a letter written by his successor. Angling to return to the White House, Van Buren, the front-runner for his party's nomination, had joined Clay in opposition to annexation to remove the divisive issue from the election. Certain his old friend and protégé would ride the Texas issue back to the White House, Jackson could not believe what he was reading. "It's a forgery", he raged, "Mr. Van Buren never wrote such a letter." Sadly, Mr. Van Buren had.

Worse still, the man from Kinderhook refused to change his position. Jackson wrote to Francis P. Blair, editor of the *Globe*, which had published the Van Buren letter:

> I am quite sick really, and have been ever since I read V.B. letter.... Texas [is] ... the ... key to our future safety.... We cannot bear that Great Britain should have a Canedy on our west as she has on the north.... Some good democrat must be selected with Polk [as Vice President].... Can Wright be brought out and will he pledge himself, will Woodbury, or Buchannan [sic]?

By now, James K. Polk's supporters were calling regularly at the Hermitage, and the fellow Tennessean had pledged to conduct a campaign on the issues dearest to Jackson's heart: annexation of Texas and the settlement of the Oregon boundary dispute in favor of the United States.

As the Baltimore convention opened, Van Buren had a majority, but Senator Robert J. Walker of Mississippi pushed through a rule requiring support of two-thirds of the delegates for nomination. The hurdle proved too high for the Little Magician. The convention deadlocked and history's first "dark horse" candidate emerged. Back-room kingmakers stitched together a ticket of Polk and George Dallas of Pennsylvania. The convention chant began: "Polk and Dallas! Texas and Oregon!"

Polk carried the convention and, narrowly, the election. But from November 1844 to March 1845, Tyler was still president and determined to annex Texas to secure his place in history. The British, meanwhile, worked feverishly to create the satellite state of Jackson's fears. Lord Aberdeen, the foreign secretary, hatched a plan to have Britain, France and Mexico sign a treaty guaranteeing the independence of Texas; but France was fearful of offending the United States, and Mexico dithered. "You always do everything too late", an exasperated Aberdeen told the Mexican minister.

Unable to win a two-thirds vote for a treaty, Tyler settled for a joint resolution of Congress by simple majorities in each house. Annexation passed in Tyler's final hours as president.

Jackson had been right. An independent free-trade Texas, supported by Britain and France, would have blocked America's expansion to the Pacific, lured the Southern states away from the North, and been in endless conflict with the Union over smuggled goods, fugitive slaves, and tariff-free imports. "Let us take [Texas] now", the old general thundered, "and lock the door against future danger." America did.

Jackson's life work was now over. As he wrote a friend, "I have the pleasure to inform you that Polk and Dallas are elected and the Republic is safe. . . . I am now like Simeon of old having seen my country safe, I am prepared to depart in peace. . . . I await with resignation the call of my God." On June 8, 1845, the call came.

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Polk's Patience Runs Out

TEXAS now belonged to us. But Polk's ambitions did not end at the Rio Grande. His eyes were on California. To negotiate its purchase and resolve a dispute over the Texas border, Polk authorized an envoy, John Slidell, to go to Mexico City. Mexico insisted that Texas' border was the Nueces River; the Texans held it to be 120 miles further south, at the Rio Grande. The disputed territory was immense, amounting to scores of thousands of square miles. When Slidell's mission became public, however, he was rudely treated by the Mexican government and denounced by a fiercely nationalist Mexican press. "Be assured", Slidell wrote back to Polk, "nothing is to be done with these people until they shall have been chastised." Polk had reached the same conclusion.

When revolution erupted in Mexico, vaulting to power a faction that spoiled for a fight with the United States, Polk decided to settle the boundary dispute—if necessary by force. He ordered Brigadier General Zachary Taylor to the Rio Grande. "Old Rough and Ready" marched to the river and built a fort overlooking Matamoros. On April 11, 1846, Mexican General Pedro Ampudia arrived on the opposite bank with three thousand troops and demanded Taylor's withdrawal. Taylor responded by blockading the river. Hotheads in Mexico City were clamoring for an invasion to recapture Texas and the minister of war had predicted his army would have an easy time of it, as the force would face only "some miserable colonists, a few hundred adventurers, and a handful of speculators from New Orleans and New York."

At a May 9 cabinet meeting Polk discussed a declaration of war on Mexico for defaulting on its debts and its treatment of the Slidell mission. Secretary of State Buchanan, an ardent expansionist along with the rest of the cabinet, was not averse to war, but wanted to maneuver Mexico into firing the first shot. That night, word came from Taylor that on April 25, Mexican troops had crossed the Rio Grande and fired on his men, killing sixteen. Two days before, Mexico's president had declared a "defensive war" on the United States. His cabinet now united, Polk drafted a war message and sent it to Congress on May 11. What he wrote was not a wholly objective rendering of recent events:

> The cup of forbearance had been exhausted even before the recent information from the frontier. . . . But now, after reiterated menaces, Mexico has passed the boundary of the United States, has invaded our territory and shed American blood upon the American soil. She has proclaimed that hostilities have commenced, and that the two nations are now at war.

News of the U.S. casualties inflamed Congress, and Polk's declaration was cheered through the House, 174-14. The Senate vote was 40-2. "Destiny beckons us to hold and civilize Mexico", said Buchanan.

Begun with patriotic passion, the Mexican War would come to be denounced as Jimmy Polk's War by Whigs and abolitionists who saw in it a plot to expand the slave states. One congressman called it "unholy, unrighteous, and damnable." Were he a Mexican, said Ohio Senator Corwin, he would say to Americans: "Have you not room in your own country to bury your dead men? If you come into mine, we will greet you with bloody hands; and welcome you to hospitable graves."

In 1847 a newly elected congressman from Illinois introduced what came to be known as the "spot" resolution, demanding to know the exact spot on which Americans had been fired upon. Representative Abraham Lincoln's "spot" was not for certain on "American soil", as Polk claimed; it was on the U.S.-claimed territory that was in dispute. But if the U.S. Army was on disputed land, so was the Mexican army; and the Mexicans had fired first and drawn first blood. The truth: Polk was determined to hold Texas to the Rio Grande and keep California out of the clutches of the British, even at the price of war.

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MEXICO, WITH an army five times the size of the U.S. Army, and a press even more bellicose, had gravely miscalculated. It assumed that Polk's desire for negotiations meant the Americans were afraid to fight. The British press encouraged Mexico in its hubris. As "an aggressive power", sniffed the weekly *Britannia*, America "is one of the weakest in the world . . . fit for nothing but to fight Indians." The *Times* of London echoed the contempt: "The invasion and conquest of a vast region by a State which is without an army and without credit, is a novelty in the history of nations."

That Polk desired a peaceful resolution of the conflict is evident from his acceptance of a plea from President Santa Anna, who had been impeached and banished to Cuba. The "Butcher of the Alamo" asked to be allowed to return to Mexico to negotiate a settlement. Polk ordered the scoundrel passed through the U.S. blockade. Yet once home, Santa Anna rallied to the Mexican cause and called for the expulsion of the Americans.

Polk finally concluded that to end the conflict, the United States would have to seize all disputed territory and dictate terms. Tasked accordingly, Taylor's army pushed deep into northern Mexico where it routed Santa Anna's army at Buena Vista in "a splendid picture-book battle on a sun-soaked plain" where Taylor's son-in-law, one Colonel Jefferson Davis, distinguished himself by breaking up a Mexican cavalry charge.[2] Colonel Stephen Kearny moved out of Fort Leavenworth, captured Santa Fe and drove west to San Diego and Los Angeles. Commodore J.D. Sloat had already occupied Monterey and declared California part of the United States. Sloat acted on secret orders from the secretary of the navy to strike instantly if he heard "with certainty" war had broken out.

Polk now held all the land he wanted, but the Mexicans were still full of fight. The President determined to end the war by occupying the enemy capital. An army under Major General Winfield Scott was sent by ship to Veracruz, where it seized the city in three days and took the road trod three centuries before by Cortés. In a brilliant feat of generalship, Scott fought his way, six battles in five months, to the Mexican capital. Among his officers were Captains Robert E. Lee and George B. McClellan, and Lieutenant Ulysses S. Grant. Now, for the first time in history, the Stars and Stripes flew over a foreign capital.

Traveling with Scott was Nicholas P. Trist, chief clerk of the State Department, whom Polk had authorized to negotiate. Trist was now writing himself a page in history. Though orders had been sent recalling him, Trist ignored them and returned with the Treaty of Guadalupe Hidalgo, which transferred to the United States all of Texas and the northern half of Mexico—1.2 million square miles, including California. Mexico's debts up to $3.25 million were to be taken over by the United States and the Mexican government was to be paid an additional $15 million.

Polk accepted. On February 21, 1848, the day that Trist's treaty arrived at the Senate, John Quincy Adams, who had served his nation for five decades, suffered a paralytic stroke in the House chamber. The voice of the "Old Roman" was never to be heard again.

Suspicious, jealous of rivals, and not given to sharing credit, Polk fired poor Trist and replaced Scott with a Democratic major general. But the Senate approved what was now Polk's treaty 38-14, and the Mexican War was history. Polk had enlarged U.S. territory by an area as great as had been acquired by the Louisiana Purchase, but some Americans expressed disappointment that he had not annexed Mexico in its entirety. They were wrong. Manifest Destiny was never about imposing American rule on alien peoples; it was about extending the frontiers of American liberty and freedom.

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[2]Samuel Eliot Morison and Henry Steele Commager, *The Growth of the American Republic*, vol. 1 (New York: Oxford University Press, 1962), pp. 601-2.

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Even as he was going to war, Polk was negotiating a settlement with Britain of the Oregon Territory that extended from the northern boundary of today's California to the southern tip of Alaska, from the Rockies to the Pacific, an immense tract equal in size to Great Britain, Ireland, France, Germany, Austria, Holland and Belgium combined. The British agreed to split the land at the 49th parallel.

Thus did James Polk give his country clear title to Texas, virtually all of New Mexico and Arizona, Nevada, California, Oregon, Idaho and Washington, and vast tracts of Kansas, Oklahoma, Colorado, Utah and Wyoming. He had pledged to serve one term and kept his word. In four years Polk had done all that he had promised to Old Hickory.

"My . . . great labor has exceedingly exhausted me", the small and sad-faced man wrote in his diary in his last year in office. Pledges fulfilled, his nation almost doubled in size, the "last man of yesterday" went home to Tennessee in March 1849 and, within a hundred days, Young Hickory was dead—the most underrated president in American history.

Imperialism or Manifest Destiny?

AGAIN, THEN, the questions: Were Texas, the Southwest and California the fruits of a great crime? Was the Mexican War a war of aggression against a weak, vulnerable neighbor? Was it "the most unjust war in history"? The answer to all three is no.

Texas had won its independence honorably in 1836 in a struggle for freedom from a brutal dictatorship. The Texas rebellion was as legitimate as the Mexican revolution of 1821. Americans in Texas outnumbered the Mexicans ten to one in 1835, and had a right to declare independence of a distant tyranny and create a government of their own choosing. While the United States had hardly been neutral in Texas' war of independence, these were, after all, Americans fighting Mexicans.

Moreover, the United States waited nine years before acceding to Houston's entreaties for annexation. Not once in those years had Mexico made a serious attempt to recapture its lost province. By 1845 an independent Texas had been recognized by the United States, Britain and France, and Mexico's rights there were no greater than British rights in Virginia in 1789. As an independent republic, Texas had the right to determine its own destiny and America a right to accept its plea to enter a union of free and independent states.

The Mexican War had not been started by U.S. soldiers on Mexican soil, but by Mexican soldiers on disputed land that Santa Anna had signed away to the Texans. Mexicans had fired the first shots and inflicted the first casualties. Assuming that Polk's desire for negotiations meant he would shrink from war, Mexico underestimated him and the fighting spirit of the U.S. Army. As has often proven true, it is not the size of the dog in the fight, it is the size of the fight in the dog. The Mexicans belatedly came to appreciate Tocqueville's insight: "The truth is well understood in the United States as anywhere else: the Americans are already able to make their flag respected; in a few years they will make it feared."

As for the hoary claim, widely believed at the time, that Texas' war of independence and its annexation were part of some "slaveholders' plot", historians have found little evidence to substantiate this charge. Adams, who raged that annexation was grounds for secession, had himself sought to purchase Texas in 1825. Most Americans wanted Texas for the same reason they had wanted Florida, Louisiana, the Southwest, California and Oregon—to expand to the continental limits.

Annexation of Texas, the Southwest and California was Manifest Destiny, not imperialism. These lands were contiguous and largely empty. Indeed, most Americans recoiled at the idea of colonizing Mexico or making Mexicans a subject people. Warned Calhoun, "Mexico is to us the forbidden fruit; the penalty of eating it would be to subject our institutions to political death."

Out of the vast open territory taken from Mexico would be created seven states. Each

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would enter the Union with the same rights as the original thirteen. Every citizen of those states, including those of Spanish heritage and Mexican descent, would become a full citizen of the United States. Spanish loyalists in California, who had rebelled against Mexican governors sent north, preferred Americans as overlords. Indian tribes like the Pueblos rejoiced that they now had Americans, rather than indifferent Mexicans, to defend them from roving Apaches. The Mexican War was an historic inevitability. Two emerging countries collided along a disputed frontier, and the stronger prevailed.

Was Washington's admonition against foreign wars violated by the Mexican War? The opposite is true. Texas was on our continent, its annexation as natural an acquisition for an expanding United States as the taking of the Northwest Territory, the Louisiana Purchase and the accession of Florida. In contrast, both Clay and Calhoun opposed any intervention in Europe, when revolutions shook every throne on the continent during the last year of the Mexican War. Said Clay:

> Far better is it for ourselves . . . and for the cause of liberty, that, adhering to our wise, pacific system, and avoiding the distant wars of Europe, we should keep our lamp burning brightly on this western shore as a light to all nations, than to hazard its utter extinction amid the ruins of fallen or falling republics in Europe.

Calhoun called for a "masterly inactivity" toward Europe: "If we remain quiet . . . and let our destinies work out their own results, we shall do more for liberty, not only for ourselves but for the example of mankind, than can be done by a thousand victories." And so it was that those warriors of Manifest Destiny, Andrew Jackson and James K. Polk, remained true to the teachings of Washington. □

Wish We'd Known Sooner

In war, as in wrestling, the attempt to throw the opponent without loosening his foothold and upsetting his balance results in self-exhaustion, increasing in disproportionate ratio to the effective strain put upon him. Success by such a method only becomes possible through an immense margin of superior strength in some form—and, even so, tends to lose decisiveness. In most campaigns the dislocation of the enemy's psychological and physical balance has been the vital prelude to a successful attempt at his overthrow.

—B.H. Liddell Hart, *Strategy*, 1954

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Ceausescu's Legacy

Tom Gallagher

ROMANIA, the largest country in a region of Europe that extends from the Aegean Sea and the mouth of the river Danube to the Carpathian Mountains, has been tarnished in many Western eyes by its proximity to the carnage in neighboring Yugoslavia—and as part, therefore, of that turbulent region, "the Balkans." Yet Romania remains aloof from the tumult across its western border. The most pressing threat to its security comes from within; specifically, from the coal fields of the Jiu Valley, 210 miles west of Bucharest. For ten years the coal fields have existed as a state within a state, where militant miners, earning some of the highest wages in the country, exercise de facto rule. The miners are, in fact, heirs to the hardline communist dictatorship of Nikolai Ceausescu, who from 1965 to 1989 presided over Romania's Marxist-Leninist regime.

In 1996 Emil Constantinescu, a liberal academic with impeccable anti-communist credentials, was elected president of Romania, a development hailed in Western capitals as a turning point in Balkan politics, one which complemented a growing Western willingness to consider integrating Romania into the North Atlantic Treaty Organization. That optimism proved short-lived. Soon after his election, Constantinescu issued a prescient warning about the strength of neocommunist forces in Romania:

> We are not talking about classic communism . . . but rather of a form that is both old, since it awakens latent nationalism, and new because of its goal, which is to preserve all that can be preserved of the old regime, both in men and structures: as many as possible of the large enterprises, as many monopolies as possible, especially in the areas of energy and agriculture, as many of the political and economic leaders as possible, and as much as possible of an isolationist and anti-Western mythology, ready to halt all openings towards Europe and the rest of the world.

Earlier this year the Romanian government announced that pro-communist forces, which remain influential in the state security services, had attempted to exploit the miners' discontent to mount a coup d'état. The architects of the coup sought above all else to sever recently established contacts with the West.

IN 1999, with prospects of joining NATO in the near future receding and a coalition of squabbling reformers discredited by multiple policy failures, the prospects for Romania seem uncertain. No large country other than Russia sees Romania as belonging to its zone of influence. Unlike Poland or Hungary, Romania lacks a vocal émigré community in the United States capable of per-

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suading Washington of its homeland's right to figure significantly in American foreign policy.

And yet in an era in which conflicts between rival cultures are expected to replace ideological ones as sources of instability, Romania's strategic importance will soon become apparent. For the country is bisected by the faultline separating Christian Europe's Latin West and Orthodox East, a cultural boundary which in ex-Yugoslavia has already produced furious strife. The mainly Orthodox provinces of Moldavia and Walachia, which formed the original Romanian state between 1866 and 1918, are typically thought to belong to the Balkans, while on the other side of the Carpathian Mountains the province of Transylvania, part of Romania since 1918, is seen as Central European, mainly because of its experience of Habsburg rule and its large Western Christian minorities.

At the same time, the claimed Latin origins of the Romanians on both sides of the Carpathians mitigate these distinctions and provide an important unifying element. Indeed, Romania's self-image as a Latin country that believes itself to be an extension of the West helps to explain why it remains aloof from its Slavic neighbors. Russia is seen by Romanians as a long-term foe of their independence—and with some justification, for Russian troops are still stationed in the Transnistria region of Bessarabia, a province that had been part of Romania from 1918 until 1940. Relations with Hungary, too, are strained, mostly because of a quarrel over Transylvania, which was Hungarian-ruled until 1918 and still contains a sizable (1.6 million strong) Hungarian minority.

If majority-minority tensions and a crippled economy should turn Romania into a failed state, the repercussions would not be confined within its borders. Hungary, for example, might then prove to be a consumer rather than provider of NATO security. Indeed, the admission of Hungary into NATO poses a risk that Romania's northwest frontier will become a new partition line, dividing a stable Europe from a peripheral group of countries deemed to fall short of Western political and economic standards. Then, too, if Romania fails to promote conditions that allow its citizens to find gainful employment in productive rather than speculative activities, it may find itself at the mercy of lawless elements intent on creating a criminal state.

ROMANIA WAS far from problem-free before communism was imposed in 1947. But until 1938 constitutional monarchy had survived in Romania for over fifty years, a unique achievement in the Balkans. Had it not been forcibly placed in the Soviet camp, Romania, with its abundant mineral resources and rich agricultural land, might well have developed an economy that rivaled Italy's by the 1950s.

The weakness of communism in a land where communism was associated with Russian imperialism and had very shallow local roots meant that efforts to Sovietize Romanian society were even more drastic than in any other Warsaw Pact country. For nearly fifty years, ideological goals—curtailing private ownership; removing bourgeois values and purging the social groups that stood for them; creating a numerically dominant industrial proletariat—overrode all others. Romania's communist rulers neglected the high-technology sector, despite the country's abundance of scientific talent. They allowed no experiments in market economics and starved the service sector of resources.

At the same time, more resources were poured into heavy and extractive industries in Romania—mining, in particular—than elsewhere in the communist bloc. The coal mines comprised a crucial part of a low-grade economy that the Ceausescu regime hoped to transform into a belching industrial powerhouse, modeled on the purest form of economic Stalinism. The miners represented the elite of the working class, were paid the highest wages in the country, and were encouraged to believe that coal could be mined forever, even if no profits were made. Not surprisingly, then, the miners today serve as foot

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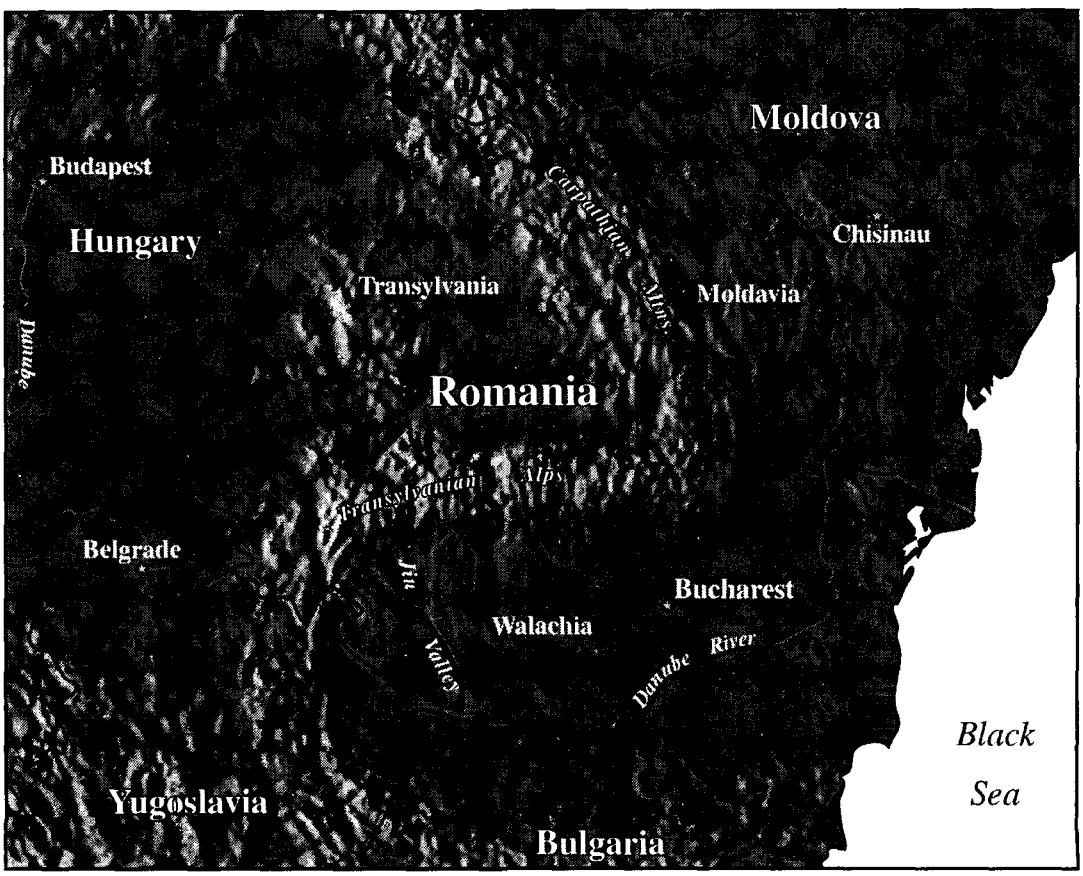
soldiers in a campaign to halt industrial reform and, more generally, the liberalization of the Romanian economy.

The men orchestrating that campaign, however, come not from the mines of the Jiu Valley, but from the security apparatus of the Ceausescu era. The extent of totalitarian conditioning in Romania enabled officials with roots in the communist era to retain power after the upheavals of 1989, when Ceausescu was overthrown and executed by his former lieutenants. The most brazen voice of the old guard is the Greater Romania Party. Led by Corneliu Vadim Tudor, it has grown from a fan club of the late dictator Ceausescu into a serious political force. Tudor, a poet and proponent of ethnic purity, maintains an intelligence service staffed by disaffected members of the old secret police force, the Securitate. He prides himself on his links with Saddam Hussein and Colonel Qaddafi, and money from these sources is widely thought to bankroll his press empire and election campaigns. His party called recently for the formation of a revolutionary council and urged government troops to disobey orders. Activists with a background in the Securitate have also trained the miners in combat activity, joined in attacks on the police, and earlier this year stormed public buildings along the route of a miners' march on the capital.

Tudor is the Mussolini-style front man for a range of forces keen to ensure that a free market never gets off the ground in Romania. The most dangerous of these are the ex-Securitate members, who have emerged as "nomenklatura capitalists" in charge of a shadow economy beyond the reach of the state. In the early 1990s, they looted the communist-era Romanian Bank for External Commerce, obtaining interest-free loans on unsecured credit to launch themselves into business. Today, Tudor's supporters wield enormous influence in Romania's black mar-



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ket and oversee a number of tax evasion schemes. To distract attention from its plundering, this new oligarchy subsidizes extremist movements like the Greater Romania Party.

Just as firmly opposed to reform is an unholy alliance of anti-reform bureaucrats and managers of failing firms, whose interest in resisting change is easily explained. Until last autumn, electricity, gas and petroleum utilities had operated largely independent of the state, while generating huge losses invariably covered by the government budget. If deprived of these subsidies, Romania's energy sector might collapse altogether.

IN 1997 it finally became clear that well-meaning liberals had little idea how to drag Romania out of the black hole into which it had fallen. At the urging of Western creditors, the reformers liberalized prices and announced plans to sell off or shutter failing companies. As part of this effort, in December 1998 the government declared that thirty coal mines were to be shut in the near future, a step that would reduce mining activity by a third. The IMF and the World Bank had announced in late 1998 that new credits, which Romania badly needs to service its debt, would not be forthcoming unless Bucharest drastically curtailed subsidies to loss-making industries. The mining sector seemed a logical place to start. Between 1990 and 1998 the state had poured four billion dollars into an industry that produced mainly low-grade coal for ever shrinking markets. For every dollar the mining sector earned, the state spent at least another six on it. Clearly it would be far more profitable simply to close down the mines and continue paying their employees for doing nothing.

The government gambled that it would be politically easier to appease the IMF and the World Bank, even at the risk of further enraging miners who had already rampaged through Bucharest on four occasions. It also recognized that a long-suffering public, whose living standards had tumbled in the 1990s, resented the fat wages commanded by the Jiu Valley miners. After a nerve-wracking three weeks at the beginning of this year, during which the government halted one miners' march by offering its participants lavish economic concessions, troops loyal to the government arrested Miron Cozma, the miners' leader, as he was organizing a second descent on the capital. A tenuous calm has prevailed ever since.

The miners' rebellion has, it seems, shocked beleaguered reformers into putting aside their differences, at least for now. The government of Radu Vasile contains several very able ministers who intend to create a law-based state in which free institutions play host to a system of private enterprise, an aim that commands majority support. Indeed, the sight of thousands of Romanians patiently queuing in the January frost to pay their taxes reveals a society in which most people still believe in the rule of law and the duties of citizens to the state. Despite plunging living standards, crime is lower than in neighboring East European countries, and the tight-knit Romanian family continues to produce well-behaved youngsters with a burning zeal for education.

The country is thus polarized into two rival camps: Romanians shaped by the communist era who depend on the state for their livelihood, and Romanians desperate to prevent the country from becoming a Third World economy under the control of rogue capitalists and anti-Western nationalists. Still a majority but lacking organization and authority, this latter group is reduced to watching helplessly as the government struggles to implement reform.

BOTH NATO and the European Union are holding the door open for Romania to join once it gets its house in order. But Western policies might unwittingly be playing into the hands of those ready to align Romania with Serbia and Russia, the two strongest anti-liberal models in the region. For Romanians will have to dig deep into their meager pockets to find the huge sums needed to upgrade their army to NATO standards and to compete economically with more efficient

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West European producers. The rhetoric of Euro-Atlantic integration will surely ring hollow if plunging living and health standards continue to be the lot of Romanians, and the possibility of an anti-Western backlash cannot be dismissed.

Even under the most dedicated reformers, Romania is currently too enfeebled to join NATO. The Clinton administration is doing no favor to Romanians by dangling before them (as the President did once again in a letter to his Romanian counterpart on March 16) an unrealistic prospect that could fatally distract them from far more urgent tasks. Instead of asking Romania to fulfill impossibly demanding targets in order to qualify for NATO membership, the Atlantic democracies should instead consider offering to rebuild Romania's public institutions and provide substantial aid for its transition to a free-market and democratic system. The attendant loss of sovereignty would be no greater than that experienced by Germany with the presence of NATO troops, and the results could be as beneficial for Romania as they were for post-Hitlerian Germany. □

The More Things Change, The More They Stay the Same

1987:

Ethnic Albanians in the Government have manipulated public funds and regulations to take over land belonging to Serbs. . . .

Slavic Orthodox churches have been attacked, and flags have been torn down. Wells have been poisoned and crops burned. Slavic boys have been knifed, and some young ethnic Albanians have been told by their elders to rape Serbian girls.

. . . As Slavs flee the protracted violence, Kosovo is becoming what ethnic Albanian nationalists have been demanding for years, and especially strongly since the bloody rioting by ethnic Albanians in Pristina in 1981—an "ethnically pure" Albanian region, a "Republic of Kosovo" in all but name.

. . . In one incident, Fadil Hoxha, once the leading politician of ethnic Albanian origin in Yugoslavia, joked at an official dinner in Prizren last year that Serbian women should be used to satisfy potential ethnic Albanian rapists.

David Binder, *New York Times*, November 1, 1987.

1999:

On the streets of this quiet, modest city in Southern Kosovo, many doors and storefronts bear a spray-painted Christian cross with a Cyrillic "C" in each quadrant—the "S" of Roman script—a widely understood sign that the owners and occupants are Serbs.

The four letters stand for an ancient Serb slogan: "Samo Sloga Srbina Spasava"—only unity will save the Serbs. Out here it is also a mark to insure that when Yugoslav security forces and paramilitaries sweep through in search of Albanians, the angel of death will know which homes to spare.

. . . Any visible shop or restaurant with an Albanian name or reference—a restaurant called Illyria, for instance, the ancient name for the Albanians, near Urosevac—had been looted or burned.

. . . Albanian store windows had been broken and the contents looted; Serbs on the street, asked what happened to their neighbors, shrugged, or, as one man said simply, "They left."

Steven Erlanger, *New York Times*, April 17, 1999.

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What Price Human Rights?
An Exchange

William F. Schulz — *John Bolton*

Dear John:

I HAVE NOTED with interest your recent appointment to the Commission on International Religious Freedom, recently created to report on violations of religious rights around the world. You would not have accepted this assignment, I am sure, if you did not care about stopping human rights abuses. At the same time your bona fides as a conservative make you an exquisite interlocutor with whom to debate the state of U.S. human rights policy today.

As far as I am concerned, that policy is pretty much of a mess. I don't believe that human rights ought to be the sole consideration governing U.S. international relations or even always the primary one. But I do believe that they ought to be a serious factor in how we relate to other nations, and that violations ought to have real and consistent consequences. That is both because respect for human rights is endemic to America's understanding of itself and because ignoring human rights crimes often has profoundly deleterious effects upon our national interest. (One of the reasons we are now so tangled up in Bosnia and Kosovo is because two Presidents waited far too long to counter Milosevic's evil ambitions.)

Given this premise, then, it helps not at all for the United States to send China decidedly mixed signals on its abominable human rights record. It is certainly confusing at best to trumpet our outrage at abuses in pariah states like Cuba and Libya while ignoring similar violations by allies like Saudi Arabia and Turkey, or trading partners like Nigeria and Indonesia. To waffle on the Land Mines Treaty or the International Criminal Court (ICC); to let Karadzic and Mladic go scot-free; to ignore Africa altogether—the policy is a mess.

But it is too easy just to blame the administration. For in my view far too many conservatives have also abandoned bedrock principles when it comes to human rights. After all, the protection of individual liberties against oppressive governments is supposed to be at the heart of conservative political theory. But as Jesse Helms points out in a recent article in *Foreign Affairs*, it is the conservative business community that has opposed economic sanctions designed to win those liberties. I personally believe sanctions to be of limited utility, and even then only in very circumscribed situations (and Amnesty itself takes no position on them); but they certainly ought to be included in our quiver. So should the possibility of military intervention. But it is too often conservative voices that most vociferously resist a U.S. peacekeeping role overseas to stop the slaughter of innocents.

It troubles me that a Republican Congress allows taxpayers' dollars to be wasted when U.S. security assistance is used to commit human rights violations in places like Colombia or Turkey, and when political asylum seekers, many of whom have stood up for American values in their home countries, are tossed into county

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John Bolton is senior vice president of the American Enterprise Institute.

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jails with the general prison population.

I know from your recent article in these pages on the International Criminal Court ("Courting Danger: What's Wrong With the ICC", Winter 1998/99) that part of your own criticism of the human rights movement has to do with your disdain for so-called "customary international law." But of course the basis for most customary law when it comes to human rights is the Universal Declaration of Human Rights and the Covenants that flow out of it. Such principles of international law were incorporated explicitly into the International Religious Freedom Act that established the commission on which you now sit because, without them, your impending criticism of other nations' treatment of religious minorities would risk sounding hollow, parochial, even xenophobic.

Elsewhere you have implied that General Pinochet should be tried, if at all, by his Chilean compatriots ("The Global Prosecutions", *Foreign Affairs*, January/February 1999). But given Pinochet's manipulation of the Chilean constitution before he stepped down—and his threats to cause mayhem ever since—that is like asking a jury to render a verdict while a defendant holds a gun to its head.

So I guess it comes down to this: while I am happy to skewer the Democratic administration whenever it deserves it, I am left wondering how *do* those conservatives who mistrust sanctions, resist military intervention, and pooh-pooh international law intend to stop human rights violations?

I certainly recognize that the human rights movement has made its own share of mistakes, both substantive and strategic. What I wonder is whether those of all political stripes can't find common ground to stop these tragic abuses. Perhaps our exchange will provide the beginnings of an answer.

Sincerely yours,
Bill

Dear Bill:

I AGREE with you that U.S. human rights policy today is "pretty much of a mess." But to understand why, we need to start well before any analysis of the appropriate role of "human rights" in foreign policy. We must first understand how freedom is best protected in individual nations, which is, after all, where we live.

We should really be debating individual liberty, not "human rights." Liberty is America's highest value, and what we offer by example to other nations ready to bear the heavy burden of sustaining it. By contrast, "human rights" stresses democratization more than liberty, and carries too much unrelated baggage, including values that are often at war with liberty. Isaiah Berlin captured the point well in his essay "Two Concepts of Liberty", explaining how Benjamin Constant

> asked why a man should deeply care whether he is crushed by a popular government or by a monarch, or even by a set of oppressive laws. He saw that the main problem for those who desire 'negative', individual freedom is not who wields this authority, but how much authority should be placed in any set of hands.

I start with an overall skepticism about *all* aspects of government, not just those few protected areas on the "human rights" honor roll. I note that your letter doesn't define "human rights." Perhaps you agree with me that continuing economic deregulation and lower taxes should currently be our highest political priorities in enhancing the liberty of individual Americans. Or, perhaps you prefer such things as mandating patients' "bills of rights", enforcing racial and gender employment quotas, and limiting political contributions and expenditures. Your view will certainly measure your commitment, and that of your "human rights" colleagues, to real liberty.

Next is the operational issue of how best to protect liberty. The Framers of our Constitution thought this their principal task, which is why they labored to create a national government of separated powers, and a division of authority between national and state governments. The Framers understood that it was the institutional clash among the different branches that would most effectively keep power from "one set of hands." Michael Novak has

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summed up the Framers' belief: "In God we trust. . . . For every one else, checks and balances."

Although even many Americans believe that the Bill of Rights is what protects their "human rights", this is a profoundly misguided view both of what the Framers intended, and of what, in practice, protects our liberty. Your letter mentions the Universal Declaration of Human Rights rather than the Bill of Rights, but James Madison's cogent assessment applies to both:

> experience proves the inefficacy of a bill of rights on those occasions when its control is most needed. Repeated violations of these parchment barriers have been committed by overbearing majorities in every State.

The Constitution protects liberty not just because it has the best list of rights, but because its daily operation prevents the concentration of power that would threaten those rights. Clearly Madison's approach was correct: history's pile of meaningless constitutions and declarations about "rights" could severely depress the market price of wallpaper.

Thus, my analysis, while libertarian in outcome, is Burkean in logic—to understand history's most successful defense of liberty before venturing abroad. This explains my concentration on matters you apparently think are "parochial, even xenophobic." I am nonetheless unshakably of the view that these preconditions to safeguarding liberty within our own nation must inform our foreign policy.

Let me, therefore, set out what I see as the basic propositions that follow from this experience:

First, American foreign policy decisionmakers should be responsible for and accountable to Americans, not to "world opinion" or "the international community", whatever those might be. For it is, of course, *American* national security we are discussing when we discuss foreign policy.

Second, our interests and our preferences may or may not be the same thing at the same time; no U.S. policy can succeed that does not comprehend and analyze these variables distinctly and dispassionately. To put it bluntly, the unswerving pursuit of preferences over interests may compromise the advancement and protection of both.

Third, reasoning from abstract principles alone does not resolve individual cases, and emotional self-satisfaction is not the same as policy. As *The New Republic* put it in 1914, "unless you build from the brutalities of earth, you step out into empty space." An adult foreign policy demands neither instant gratification nor conformity to one-size-fits-all prejudices.

The Clinton administration's failure to comprehend such prudential considerations—let alone follow them—substantially explains why not only our human rights policy, but our foreign policy as a whole, is a "mess." The real determinant of success internationally is judgment, the ability to discern conflicts among our preferences and assign priorities for our interests consistent with available resources. Exercising that judgment is not aided by slogans or buzz words, which evaporate when confronted with a complex and contradictory reality.

Sincerely,
John

Dear John:

YOUR LETTER is very helpful, although I suspect we live in two different worlds.

While liberty may be "America's highest value", it has never been the only one—life, happiness, property and a free conscience were the others the Founders derived from natural law—and its preservation is put in jeopardy if it stands in isolation from the others. Furthermore, as the conservative scholar Clinton Rossiter made clear in his classic study of the Founders' political thought, the purpose of government, in addition to protecting liberty, was to "secure [our] persons and property against violence, remove obstructions to [our] pursuit of happiness, help [us] to live virtuous, useful lives, and in general preserve the largest degree of natural equality."

Now you and I will certainly agree that democracy is the best form of government by which to obtain these goals, but where did you get the idea that "'human rights' stresses democratization more than liberty"? In fact it is just the opposite.

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Nothing in the international human rights framework precludes Jordan from having a King, though it certainly prohibits that King from imprisoning his nonviolent critics. Indeed, some of the world's purest democracies, including ours, are guilty of serious human rights violations.

You ask for a definition of "human rights" and I present it to you in the form of the Universal Declaration of Human Rights. You are correct of course when you disparage the power of parchment alone to secure rights . . . which is exactly why you should *support* some form of international enforcement mechanism like the International Criminal Court. Absent that, the question posed in my first letter becomes even more urgent: however do you propose to stop unfair trials, false imprisonment, torture and genocide?

Your answer seems to be that we should ruminate on the American experience and make the tough calls (whatever those are). But even your hero Burke taught that every nation has a place in a worldwide civilization, albeit one unfolding in accord with what he called "a divine tactic." Tell American business, or our soldiers stationed overseas, that we should ignore "world opinion"! It is exactly in order to *secure* American interests that we are forced to take others' interests into account in our decision making.

There are two reasons why human rights must not be peripheral to American foreign policy making. First, because they reflect those fundamental American values, including liberty, that Rossiter describes. If we would be the model you wish us to be, then our policies must conform to our values. Maybe an artist's model can get away with sitting pretty and passive, but we can't. And when we do, as we did in 1994 while Rwanda was imploding, the consequences are enormous—for other people surely, but also for any sense of a moral order in the world, to say nothing of our own souls. This is in part, I presume, the motivation behind your work against religious persecution.

The second reason is because our own political and economic interests are so often implicated in assuring respect for other people's fundamental human rights. When foreign countries neglect labor standards, they tempt U.S. companies to transfer production and jobs overseas. When U.S. corporations invest internationally, they risk enormous losses caused by the instability and corruption that the denial of human rights so frequently fosters. Given increasing globalization—the fact, for example, that our pension funds are regularly invested in foreign markets—almost every American has a direct financial stake in encouraging respect for human rights. And, as we have seen all too clearly in the recent Chinese missile secrets scandal, a national security stake as well. For who can doubt that had the United States been more willing to stand on principle and engage China over its human rights abuses, so we would have been less inclined to overlook China's intelligence perfidy for fear of it jeopardizing a pocketful of gold?

Be it toxins that know no boundaries and are spread when a free press or independent monitoring groups are stifled; drug interdiction made more difficult when U.S. counter-narcotics assistance is diverted to commit political crimes; immigration flows caused by the denial of basic rights at home; or terrorists, their human rights abuses having failed to deter us from supplying them arms, turning those very same arms against us—in these ways and dozens more, taking human rights seriously is far from abstract and far from just a matter of preference.

This is the world I live in, John, and, whether you like it or not, you do too. So my question to you once again is simply this: what are we going to do about it?

Sincerely yours,
Bill

Dear Bill:

I MUST SAY I am somewhat confounded by your approach so far. I expected that you would describe why you (and the larger human rights community) believe that human rights should be central to American foreign policy. Instead, you have adopted a scattershot approach to what are in your view various mistaken foreign policy decisions, and thrown several miscellaneous punches at me personally. Flattered as I am by the personal attention, I want to stay on

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course to delineate the real differences between our respective positions. Let me try again.

First, U.S. foreign policy decisionmakers—as opposed to academics or pressure groups—have to make *American* policy. Is the United States the centerpiece of your foreign policy concerns, as it is for me, or is it something else? If it is a broad theory about the way the world should look, or "world opinion", or whatever else you think is valuable, I think you should say so unambiguously.

Second, abstractions and generalizations, whether about "human rights" or "geostrategic imperatives", mask often difficult, case-by-case choices among values and interests. Setting priorities and making choices (and understanding and accepting the consequences) is what policy is about, not simply talking about condemning this injustice or righting that wrong. Let's look at a catalogue of *specific* cases.

• China: You argue that "engaging" with the PRC about its human rights abuses would have made us "less inclined to overlook China's intelligence perfidy for fear of jeopardizing a pocketful of gold." I think you have this badly mixed up. In the political circles where I travel, we have been concerned about PRC efforts to proliferate the technology of weapons of mass destruction, its military adventurism in the South China Sea, and its repression of religious freedom and ethnic differences for some time. Let me allay any fears you have: real threats to U.S. national security easily trump commercial concerns.

I want to get in a word here about Taiwan as well. One of President Clinton's worst acts of appeasement was his remarks in China mouthing almost word for word the PRC's "Three Nos" policy (no independent Taiwan; no "two Chinas"; no Taiwan membership in international organizations requiring "statehood"). Although his much-touted speech about PRC human rights violations received more attention here, it was apparently broadcast unannounced and untranslated in China; by contrast, the President's implicit disparagement of the free society on Taiwan was flashed around like a Communist Party press release. I didn't notice that human rights groups sprang to Taiwan's defense; perhaps I missed it. The critical tone and substance concerning China in the State Department's annual human rights report doesn't redress the balance. Beijing believes that President Clinton speaks best for his administration, not the anonymous scriveners at State.

• Haiti: Deciding whether to intervene militarily in Haiti was a no-brainer, and President Clinton got it wrong. There was no strategic significance requiring intervention, which was justified almost entirely from a "human rights" perspective. We can all thank Providence that our casualties have been so light. And, on "human rights", what has been accomplished? Almost nothing, after over four years of U.S. occupation. Political assassinations of opposition leaders are back in style, parliament has expired, and Haiti is again ruled by presidential decree. What a mistake from start to finish.

• Somalia: This was the Clinton administration's first exercise in "assertive multilateralism" and "nation-building." It was one thing for President Bush to launch a massive humanitarian relief operation, which nonetheless had a limited mission and duration. It was quite another to turn Somalia, a place of no discernible interest to the United States, into a massive social experiment, which is what the administration did with relish. The tragic deaths of American soldiers in Mogadishu only underline how perilous it can be to pursue abstractions over interests.

• Chechnya: Press reports indicate that human rights abuses were probably committed by the military forces on both sides of the Chechnyan war of secession. Once again, however, I see no tangible American interests implicated by the fighting, whichever side was behaving most reprehensibly. My approach would have been to tell both sides privately through formal and informal channels to desist, but I would not have contemplated any military involvement to correct human rights abuses. Would you?

Obviously this list could go on and on; you or I could legitimately have picked different conflicts or problems. But all of them illustrate my central point: making policy involves trade-offs between interests and values that often speak in absolute terms. The human rights com-

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munity has never admitted this dilemma, let alone come to terms with it.

Sincerely,
John

Dear John:

OF COURSE we are talking about the role of human rights in *American* foreign policy. Where we differ is that I believe that making human rights concerns central to that policy—not making them the exclusive determinant or even always the pre-eminent one but always at least integral to it—is in our best interests. That, as I have said in both my letters, is for two reasons: because human rights mirror America's highest values (including liberty) and any nation that abandons its highest values betrays itself, and because nine times out of ten the pursuit of human rights is also in our best *strategic* interests. Furthermore, and not incidentally, the United States has undertaken a series of legal obligations with profound human rights consequences. You may not like it but the Senate *has* ratified the Convention Against Genocide, as well as many other human rights-related treaties and covenants, and to flout the rule of law by acting as if those obligations mean nothing is hardly the way to win friends for the democratic way of life around the world.

Where we also differ, I guess, is that I believe that there must be some consistency to our human rights policy based upon a coherent set of principles—philosophical and/or legal. Does this mean that we respond with the same degree of force or the same tactics to every human rights crisis? Of course not. I don't know a single human rights organization that advocated U.S. military intervention in Chechnya, where to do so might have gotten us into confrontation with another nuclear power. But when genocide was underway in Rwanda, the UN commander on the scene believed (correctly, as it turned out) that it could be short-circuited with the provision of just a few hundred more UN troops; and as the United States has legal obligations to prevent genocide, there is no excuse for our obstructing an international response.

You advocate "setting priorities and making choices" but you give no indication of the basis upon which you could do so, and if that basis is somehow contained in the four examples you discuss, it will take a keener mind than mine to tease it out. (Your observations on Haiti, by the way, are startling. You claim that U.S. intervention was based upon "no strategic significance" and that "almost nothing" in the way of human rights has been accomplished. But have you forgotten the thousands of Haitian refugees streaming toward our shores? And do you really believe that an end to three thousand political killings and who knows how many thousands of rapes is really nothing?)

As it makes foreign policy decisions about human rights, the United States should keep in mind such principles as these: that our criticism of other governments (be it China for religious persecution or Cuba for political prisoners) must rest upon more than American tradition or muscle if it is not to risk being dismissed as mere whim or prejudice; that therefore the United States must actively promote international standards on human rights and abide by them ourselves; that our commitment to those standards requires us to leverage our influence (sometimes diplomatically, sometimes economically, sometimes militarily) to advance human rights; and that there is rarely, if ever, a conflict between such advancement and our national security. On the contrary, in as complex and interdependent a world as this one, enforcing uniform human rights standards—establishing institutions of accountability through which to end impunity, for example—will in the last analysis make the world a far safer place for all of us.

We are in a shooting war in Kosovo today in part because we failed to abide by these principles, failed to be as tough on criminals overseas as we claim to be here at home. Regardless of one's position on the current military action, it is hard to dispute that, had we acted earlier in Bosnia to stop the slaughter there, and had we taken Karadzic and Mladic into custody after they were indicted in The Hague, the odds are better than even that Milosevic would not be playing the dangerous game he is today.

Certainly it is true that realpolitik requires a balancing

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of interests rather than a proclamation of absolutes. I would contend, however, that those interests are seriously compromised if we give short shrift to human rights. To base U.S. policy on no more than a narrow notion of today's profit is worse than shortsighted. It is positively hazardous. It is to end up walking blind through shifting sands.

Sincerely yours,
Bill

Dear Bill:

THERE IS no subtle way to say that your policy is at best hopelessly incoherent and internally contradictory, and at worst perilously detached from tangible American interests. You say variously that human rights should be "central" to our foreign policy and not given "short shrift", that they must be "based on a coherent set of principles" (although not "a proclamation of absolutes"), and that we "must actively promote international standards on human rights." Even granting that you abjure "the same degree of force or the same tactics in every human rights crisis", your universalist rhetoric makes it impossible by definition to square your actions with your faith. You say that not "a single human rights organization . . . advocated U.S. military intervention in Chechnya", but you applaud the U.S. military interventions in Haiti and criticize our passivity in Rwanda. This menu simply confirms my point. It may not bother you, but it should bother any foreign policy practitioner in a democracy who must explain a complicated reality to a confused public.

Your very effort to lock away in the closet the true believers of the human rights movement shows exactly what I mean. You say I give no basis for my priorities and choices, but this shows you have either not read my previous letters, or that you do not understand or acknowledge what national interests are. The choices we face are among individually valuable but often competing interests, and it is precisely my point that there is no magic formula to know in advance how to behave in each diverse case. In Cap Weinberger's famous phrase, if I said any more here, I would only be repeating myself.

You may finally have acknowledged that we are talking about American foreign policy, but that reluctant admission cannot disguise that what you are really trying to do is construct a world order in which America is simply one more part of the food chain. I do not accept that future. You worry that our criticism of other governments "will be dismissed as whim or prejudice." If that is what others believe, so be it; the willfully ignorant are not worth our time or resources in any event. If any foreign leaders really think that the consistent advocacy of our basic interests is "whim or prejudice", I can only hope that they are the leaders of our enemies, because we will prevail easily against them.

Let's take Kosovo as the last case study, and an excellent one it is because it shows the results when human rights policy goes to war, this time in President Clinton's air campaign. What truly happened in Kosovo, not in the sunny world of human rights rhetoric but in the real world where idealistic but misguided policies actually take their toll? Hundreds of thousands of additional Kosovars, whose rights we were supposedly protecting, are now dead or have become refugees, separated from their families, never again to return to their homes. In Serbia, the human rights air war has achieved the unthinkable: increasing popular support for an authoritarian regime that denies democratic freedom to the very Serbs now rallying to its side. I see no gain for human rights here.

You say that "the odds are better than even" that earlier action in Bosnia and the arrest of key Bosnian Serb leaders would have deterred Slobodan Milosevic from his present conduct. This is utter nonsense. If there were ever a case where the deterrence theories so beloved by human rights advocates should have worked, it was Kosovo. Instead, they are exposed as unsupported by the evidence, and illusory in their protections.

There is a functioning war crimes tribunal for Bosnia, not to mention the International Criminal Court created last summer in Rome. It was the supposed success of the former that led to the creation of the latter; but neither has had the slightest impact. To the con-

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trary, it is undisputed that the pace of ethnic cleansing dramatically increased after the NATO attacks began. Kosovo is thus a paradigm case where even with powerful weapons literally dropping from the skies on the war criminals, they are still at it. The Clinton administration's continued threats of war crimes prosecutions show that it is in a state of denial about the havoc its misguided policies have caused.

We do not know, as this letter is written, how Kosovo will ultimately turn out, but we cannot wait until historians decide. Responsibility for the incompetence of the Clinton administration's human rights war lies not only on the President and his top advisers, human rights devotees all, but also on those who press these policies politically without taking into account the failings of the leaders they elect and support. Kosovo is an example of a policy gone horribly wrong, but not because of insufficient attention to human rights by the administration. The opposite, coupled with what can only be described as a dreamy concept of real American interests, is more likely.

Under the two most recent Republican Presidents, who coupled idealism with a hard-headed view of America's interests, we won this century's third world war, and peacefully at that. Under their successor (not to mention their immediate predecessor), who professes that human rights are, as you wish, at the center of his policy, we have stumbled badly all around the world, squandering opportunities and interests without end.

I think the choice is easy, but as our letters reveal, we apparently disagree. □

Sincerely,
John

Operation Vowel Storm

Cities of Sjlbvdnzv, Grzny to Be First Recipients

Before an emergency joint session of Congress yesterday, President Clinton announced U.S. plans to deploy over 75,000 vowels to the war-torn region of Bosnia. The deployment, the largest of its kind in American history, will provide the region with the critically needed letters A, E, I, O and U, and is hoped to render countless Bosnian names more pronounceable.

"For six years, we have stood by while names like Ygrjvslhv and Tzlynhr and Glrm have been horribly butchered by millions around the world," Clinton said. "Today, the United States must finally stand up and say, 'Enough.' It is time the people of Bosnia finally had some vowels in their incomprehensible words. The U.S. is proud to lead the crusade in this noble endeavor."

The deployment, dubbed Operation Vowel Storm by the State Department, is set for early next week, with the Adriatic port cities of Sjlbvdnzv and Grzny slated to be the first recipients. Two C-130 transport planes, each carrying over 500 24-count boxes of "E's", will fly from Andrews Air Force base across the Atlantic and airdrop the letters over the cities.

Citizens of Grzny and Sjlbvdnzv eagerly await the arrival of vowels.

Said Sjlbvdnzv resident Grg Hmphrs, 67: "With just a few key letters, I could be George Humphries. That is my dream."

—*The Onion*

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FIN DE SIÈCLE

transaction

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Books

Henry, Act III

Walter A. McDougall

Henry Kissinger, *Years of Renewal* (New York: Simon & Schuster, 1999), 1119 pp., $35.

ACCORDING TO Walter Isaacson's *Kissinger: A Biography*, the consulting firm of Kissinger Associates became active in 1982, when the firm's chief "realized he did not feel like writing a third volume of memoirs and that Ronald Reagan was never going to make him secretary of state." Perhaps so, but that does not explain why we had to wait seventeen years for the finale of the trilogy that began with *White House Years* (1979) and *Years of Upheaval* (1982). More to the point are the facts that Kissinger Associates proved more successful, hence time-consuming, than expected; that Kissinger wanted to devote what spare time he had to more interesting projects (above all, his magisterial *Diplomacy*, 1994); and that the memoirs themselves had to be revisited in light of the end of the Cold War, the death of Nixon and each new revelation about the 1970s.

Thus, even though the author must have begun *Years of Renewal* years ago, the final product contains subtle replies to William Bundy's *A Tangled Web: The Making of Foreign Policy in the Nixon Presidency* (1998), William Burr's *The Kissinger Transcripts: The Top-Secret Talks With Beijing and Moscow* (1999), *The Haldeman Diaries: Inside the Nixon White House* (1994), Isaacson's biography (1992) and the selective release of Nixon tapes by the National Archives. One result is that although Kissinger's third volume covers his service in the Ford administration, the first 166 pages consist largely of rebuttals and clarifications made necessary by all the above. For instance, Kissinger bluntly disputes Bundy's "caricature" of policy making in the Nixon administration as obsessively secret, deceptive and thus self-defeating. No recent president, he argues, tried harder than Nixon to explain to the Congress, media and public what he was doing and why. The audiences just hated the message, or messenger, and refused to listen. Moreover, Kissinger adds, by 1972 he himself was often called to the microphone to explain and persuade, and while he grants that domestic politics were hardly his long suit, he denies trying to mislead.

One may add that if charges of willful hypocrisy are to be hurled about, the veterans of the Kennedy and Johnson administrations who designed, then deserted, the Vietnam War amidst yawning "credibility gaps" are ill-advised to cast the first stones. As for the transcripts of taped conversations, avidly peddled as the unvarnished truth by those who would profit from them, Kissinger warns that they are "flotsam and jetsam" of little historical use because it is impossible to gauge the moods, motives and contexts of remarks made in private. Nixon in particular was prone to venting his deepest insecurities about people not present, while at the same was "obsessively incapable" of disagreeing with people who were present. Kissinger grants that Nixon's language was at times inexcusable, but denies ever seeing him intoxicated during working hours,

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and stands by the eulogy he delivered at Yorba Linda in praise of a flawed but courageous and "near great" maker of tough decisions.

ENTER Gerald R. Ford, who, by contrast, was guileless: "With Ford, what one saw was what one got." And given that he was an unelected president taking office in an era of polarization and paranoia, "Providence smiled on Americans when—seemingly by happenstance—it brought forward a President who embodied our nation's deepest and simplest values." In an unspoken comparison to Clinton, Kennedy and perhaps Reagan, Kissinger meditates on how television and the computer have replaced the written word—and a politics of substance—with the visual image—and a politics of impressions:

> The modern politician is less interested in being a hero than a superstar. Heroes walk alone; stars derive their status from approbation. Heroes are defined by inner values, stars by consensus. When a candidate's views are forged in focus groups and ratified by television anchor-persons, insecurity and superficiality become congenital. Radicalism replaces liberalism, and populism masquerades as conservatism.

Contrary to his bumbling media image, Ford was just such a hero in Kissinger's eyes. He took office at a moment when most of the old establishment, not to mention the antiwar movement and the "McGovernite Congress", had turned isolationist in the belief that anti-communism had corrupted America, and that American Cold War exertions had polluted the world. At the same time, conservatives and neoconservatives were metamorphosing into Wilsonian crusaders and damning the administration for not being anti-communist *enough*. Yet Ford never wavered from his mission to heal the nation's wounds. Kissinger confesses that at times he thought Ford's equanimity excessive, but he now appreciates how his restraint lanced the poison from the American body politic and hastened its convalescence.

Kissinger is probably right about that. Just as Nixon's Southern strategy and appeal to blue-collar Democrats helped make possible the later "Reagan coalition", so did Ford's willingness to absorb the angry darts of the Left and Right dissipate the passions aroused by Vietnam and Watergate until (with assists from his successor's "malaise" and the Ayatollah) the nation was ready to get back into the ring with its geopolitical opponent.

But the anticipatory question many of us had about Kissinger's final volume of memoirs was whether he would put a new spin on the era of détente in light of the collapse of the Soviet bloc. Would he deny the charge that he was a pessimistic declinist, and insist that he, too, had been working toward an eventual victory in the Cold War, rather than a long-term accommodation with Moscow? The answer is yes, though his claims are modest and his arguments subtle. Thus he and Nixon did not discount the Soviets' ideology, but did conclude

> that the Soviets' ideological reach was collapsing. . . . Once our opening to China was completed, the Soviet Union faced a coalition of all the industrial nations in the world in tacit alliance with the most populous nation. Sooner or later this equation would work in favor of the democracies, provided they could contain Soviet adventures by deterrence and give the Soviets a chance to reduce confrontation by opportunities for cooperation.

To be sure, Vietnam had severely wounded American prestige and self-confidence, but Nixon and Kissinger believed that whereas détente would buy time for America to recover, Brezhnev's embrace of détente was a "gamble" that "as these policies gather momentum and longevity, their effects will not undermine the very system from which Brezhnev draws his power and legitimacy. Our goal on the other hand is to achieve precisely such effects over the long run." Kissinger came to know the Soviet rulers intimately, and judged that their obsession with political survival in the Byzantine *nomenklatura* gave them little incen-

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tive to exercise strategic imagination. Hence, "the Soviet Union in the 1970s accumulated military and geopolitical power less as an expression of long-range geopolitical aims than as a substitute for them." He did not doubt that time was on the side of the West, and says he is still unable to identify any of the alleged "give-aways" that his critics said made détente a "one-way street."

Likewise, the 1975 Helsinki Accords denounced by the American Right as a reprise of Yalta have come "to be appreciated as a political and moral landmark that contributed to the progressive decline and eventual collapse of the Soviet system." Kissinger does not claim to have had any premonition of that at the time, but he does note that the Soviets themselves were worried enough about the human rights guarantees in "Basket Three" that they lobbied (unsuccessfully) for a preamble forbidding their use as a pretext to interfere in the domestic affairs of states. Indeed, the East Europeans were avid supporters of the Final Act because (or in spite) of the fact that it amounted to a repeal of the Brezhnev Doctrine under which the Soviets had invaded Czechoslovakia in 1968. But when it came to selling Helsinki at home, President Ford was trapped. He could hardly brag publicly that Helsinki was really a secret ploy to encourage dissent in the Soviet bloc, but he could not win conservative support at home unless he did precisely that. It was this Catch-22 that engendered Ford's "Poland" gaffe in the 1976 debate with Carter, and perhaps his loss of the White House.

Likewise, the Vladivostok agreement on nuclear arms was rejected by the American Right for allegedly ratifying Soviet strategic parity, if not superiority, and by the Left for not cutting nuclear arsenals. But the only way the United States could have leveraged Moscow into lower levels of arms was by increasing, or threatening to increase, the American arsenal. Thus, the "dilemma faced by Ford was that the senators supporting Vladivostok were generally in favor of cutting the defense budget, while those who favored an increase in defense also opposed Vladivostok." In time, Reagan was able to launch the defense build-up needed to nudge the Soviets into reductions, but in 1976 that was a utopian option.

HISTORIANS gaining access to new documentation, especially from the communist side, and pundits pursuing their domestic political agendas will debate whether or not the Ford administration did the best it could under the circumstances, but none can deny its energy. Kissinger is sure to be ribbed for penning another 1119 pages covering the truncated Ford presidency. But the truth is that the Ford years were packed with crises and contingencies that might have spawned disaster had Ford and Kissinger bowed to the "Come Home, America" mood. Describing the situation in the fall of 1974, Kissinger alludes to "the strategy by which a non-elected President, saddled with a McGovernite Congress, trying to rebuild a discredited presidency, and dealing with ethnic conflict on Cyprus and the threat of war in the Middle East, sought to pursue the part adversarial, part cooperative relationship with the other nuclear power." That was only the beginning.

Over the next eighteen months came the congressional assault on covert action and the evisceration of the CIA; a series of exhausting shuttles to persuade Anwar Sadat and the Israelis to disengage in the Sinai; the congressional cutoff of funds for the defense of Cambodia and the fall of that country to the genocidal Khmer Rouge; the North Vietnamese offensive of 1975 and the futile fight in Congress for material help for the South; the final evacuation from Saigon and the Cambodian seizure of the *Mayaguez*; the crushing of Kurdish autonomy and danger of another genocidal conflict; and efforts to rally Europeans to surmount the ongoing energy crisis and forestall the Euro-communists' bid for power in several NATO governments. Then add to all that the decolonization of Portuguese Africa; Soviet and Cuban intervention in Angola, and the subsequent danger of radicalization and even race war in south-

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ern Africa; the collapse of Lebanon into civil war and foreign occupation; the Panama Canal treaty; and continuing negotiations with the Soviet Union and China.

What is more, given that the Ford administration was constantly "whipsawed" at home by the post-Vietnam and post-Watergate Left and the neoconservative Right, it is remarkable that its setbacks were so few and achievements so many. In one sense, of course, the mid-1970s were years of cloture, as illustrated by Kissinger's excruciating accounts of former Cambodian Prime Minister Sirik Matak, pleading vainly for help as the Khmer Rouge approached, then dying in agony in Phnom Penh; or U.S. Ambassador Graham Martin, who had lost a son in the Vietnam War, bravely and bitterly directing the airlift out of Saigon and leaving on the last helicopter; or black African leaders begging in vain for the United States not to desert the Angolan resistance lest the Soviet-armed "boys with the guns" be emboldened all over Africa.

But in another sense those were years of gestation when new constellations of power emerged that would shape the next fifteen years. In the Middle East, Kissinger doggedly explored the Syrian and Jordanian dead ends until he discovered the high road to bilateral Egyptian-Israeli agreement. He and Ford rallied the oil-consuming industrial states to coordinate their response to the energy crisis, institutionalizing what would become the "G-7" summits. Kissinger and the British worked to prevent a Greek-Turkish war over Cyprus, thus shoring up NATO's southern flank for the duration of the Cold War. And while Congress undercut CIA efforts to prevent a Marxist takeover in Angola, Kissinger and the British, again, shuttled among a dozen African capitals to win white and black Africans alike to a plan for majority rule in Southern Rhodesia (Zimbabwe) and Namibia, thereby frustrating Soviet and Cuban plans to exploit racial tensions on the continent. Finally, of course, the much maligned Helsinki Accords would encourage the Polish Solidarity Movement and Helsinki Watches that cracked the Soviet bloc—whether or not the drafters expected such results, or expected them so soon.

THE BIGGEST coup of the Kissinger years was the "tacit alliance" with China. And only Nixon could have pulled it off, not only because of his anti-communist credentials, but because Mao Tse-tung and Zhou Enlai—unlike moralistic Americans of all persuasions—thought primarily in geopolitical terms, the only terms under which the United States and China could make common cause. As well, it had to be Nixon because he remained determined to frustrate Hanoi's campaign to unify Vietnam, and to keep U.S. power in Southeast Asia. It should be obvious by now that while China supported North Vietnam for ideological reasons, it did *not* want the Vietnamese (who hate the Chinese) to unite under a tough pro-Soviet regime on China's southern flank. An American president who went to Beijing with apologies and promises to abandon South Vietnam would have been shown the door. To be *bündnisfähig*—that excellent German word meaning "worthy of being courted as an ally"—the United States had to be of strategic use to China, which meant balancing Soviet influence in Asia while deterring Soviet use of its nuclear arsenal. As Kissinger notes, "Though Brezhnev occasionally implied (if not very forcefully) that America's conduct of the war in Vietnam might impair Soviet-American relations, Zhou never even hinted at such a prospect." What cooled Sino-American relations in 1975-76 was precisely U.S. acquiescence in the fall of Saigon, Soviet nuclear parity, and what Chinese Ambassador Huang Zhen called "Munich thinking in Western Europe."

In 1972 Mao told Nixon, "I like rightists." Will the American Right ever come to admire Kissinger? It is a conservative principle that people ought to be judged not by what they accomplish, but by what they accomplish with what they are given. Ford and Kissinger were dealt very weak hands, and deserve credit for winning as many tricks as

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they did. But if the tone and content of these literate, thoughtful memoirs win grudging appreciation in some quarters, the book may annoy neoconservatives all over again. As a refugee from totalitarianism, Kissinger states that he could only agree with the neoconservatives' values and ultimate goals, but he blames their tactical blindness and ideological fervor for undercutting those who were engaged in fighting communism on the ground in those years. Neoconservatives may have had their consciousness raised by the Yom Kippur War and the excesses of the New Left, but they still despised Nixon and promoted a "militant, muscular Wilsonianism" at a time when domestic and geopolitical constraints made it impossible.

Thus, where the administration had made quiet and significant progress on emigration of Jews from the Soviet Union, Senator Henry Jackson's loud ultimatum to the Soviets on the issue only provoked a predictable *nyet*. And when the administration was fighting to prevent communist victories in Southeast Asia and Africa, it was Senator Jackson who said *nyet*. Neoconservatives might rebut these complaints with references to wheat deals and guaranteed loans that only subsidized the Soviet system; technological "partnerships" that amounted to giveaways; repeated Soviet violations of the spirit of détente, especially in the Middle East; Kissinger's obsession with Third World complications when the real front lines of the Cold War remained Europe and the nuclear balance; and their own role in preparing the pitch for Reagan. Still, their Leninist "worse is better" approach c. 1975 was cold comfort to those responsible for, or dependent upon, American engagement in the meantime.

ASKED ONCE by Barbara Walters to describe himself in a word, Kissinger cleared his throat and replied, in his sonorous accent, "Complicated." By my count the words "complicated" and "complex" appear over seventy-five times in this book, not to mention variations of "ambiguous", "nuanced", "perplexing", "convoluted", "elaborate" and "intricate." And by impressing upon us the complexity of international relations Kissinger warns us against all who would simplify. His chosen trope in such cases is to employ disparaging terms drawn from religion, as when the North Vietnamese employ "sacramental phraseology", writing about Cambodia's genocide has a "near liturgical quality", the bureaucracy delivers "homilies" and its "standard litany" on Africa, the CIA mouths "orthodoxy" and the arms control community "theology" on nuclear weapons, and liberals quest for "a nirvana combining principle and low risk." During the Carter administration Zbigniew Brzezinski grunted that world politics is not a kindergarten. Neither, Kissinger would add, is it a Sunday school. But he laments at the end that the very success of Ford and Reagan (I would add Bush) in healing the nation and winning the Cold War "has been so extraordinary as to tempt the United States again into a missionary version of Wilsonian enthusiasm . . . and to conduct foreign policy as a permanent crusade for apocalyptic outcomes against all regimes that offend our sensibilities." Is he, therefore, the amoral realpolitiker after all, always preferring order to justice? The question is ill-framed, Kissinger tells us, and replies that his true commitment is "to evolution over revolution."

Beyond that, we learn no more here about Henry Kissinger the man than we have from his other books. Even the concluding page and a half, entitled "A Personal Note", is really about his father's charity and Jewish piety—both of which, his biographers say, Henry abandoned early in life. But the message of the "personal note" is clear: it is that Henry did his father proud, and is proud of having made his father proud. And that sort of pride is no sin. □

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Three Decent Frenchmen

Daniel J. Mahoney

Tony Judt, *The Burden of Responsibility: Blum, Camus, Aron, and the French Twentieth Century* (Chicago: University of Chicago Press, 1998), 196 pp., $17.50.

THE INTELLECTUAL is a distinctive product of the modern Enlightenment and his virtue is assuredly not "responsibility." As traced by the principal commentators on this new social type, he is marked first and foremost by an ungrounded confidence in "progress", in the forward march of history, and by a desire to eliminate all obstacles to its realization. He dreams of a "symmetrical" or uniform world where the messiness and contingency of ordinary political life is overcome. He is prone to a "literary" view of politics that ignores the constraints facing the acting citizen and statesman.

Benjamin Constant famously emphasized that the modern intellectual is tempted to identify with arbitrary power, as long as it is carried out in the name of the sovereignty of the people. The modern landscape is strewn with examples of intellectuals justifying "popular" or revolutionary despotism. Edmund Burke provided the first full-fledged sociology of modern revolution, locating some of the fanaticism of the French Revolution in the liberation from traditional restraints characteristic of both the *littérateurs* and their allies, the new, ascendant monied interests in France.

Tocqueville, too, saw the literary spirit as a contributing cause of the Revolution as well as a continuing hallmark of French and modern intellectual culture. In *Recollections*, his remarkable memoir of the revolution of 1848, Tocqueville provides his most lucid discussion of the literary spirit in politics. He was deeply disturbed by the enthusiasm that the French intellectuals displayed for the overthrow of the corrupt and plutocratic, yet tolerably decent, liberal Orléanist monarchy in 1848. Tocqueville was dismayed by the blind faith that many intellectuals placed in the efficacy of revolutionary action. In a memorable passage in *Recollections*, he describes an encounter with his friend Ampère who, to his surprise, did not share Tocqueville's own "grief" over the outbreak of an unnecessary revolution that would further undermine the prospects for ordered liberty in France. Tocqueville commented that the "good nature[d]" Ampère

> was too much inclined to carry the spirit of a salon over into literature and that of literature into politics. What I call the literary spirit in politics consists in looking for what is ingenious and new rather than for what is true, being fonder of what makes an interesting picture than what serves a purpose, being very appreciative of good acting and fine speaking without reference to the play's results, and finally, judging by impressions rather than reasons.[1]

But the literary spirit is not, Tocqueville suggests, "confined to Academicians. To tell the truth, the whole nation shares it a little, and the French public as a whole often takes a literary man's view of politics."[2] What an imposing image: an entire nation addicted to

[1]Alexis de Tocqueville, *Recollections: The French Revolution of 1848*, ed. J.P. Mayer and A.P. Kerr, trans. George Lawrence (New Brunswick, NJ: Transaction Publishers, 1986), p. 67.

[2]Ibid.

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literary politics and political irresponsibility! At some level, this has always been the lament of the "English party" (the constitutionalists who oppose both revolutionary excesses and reactionary nostalgia) in French politics. It is a complaint renewed in the scholarship of Tony Judt.

In his controversial *Past Imperfect* (1992), Judt levied a thoroughgoing indictment against the illiberalism and "fellow-traveling" of the pro-Stalinist French intelligentsia in the period between 1944 and 1956. His book stressed the rare moral courage of those figures such as François Mauriac, Raymond Aron and Albert Camus who refused to succumb to the totalitarian temptation. Judt's indictment sometimes lacked nuance, underestimated the pro-communist or progressivist sentiments of intellectuals *outside* France, and to some French readers read like a scolding apology for the superiority of Anglo-American civic culture over a hopelessly misguided French one.[3] But the book remains one of the best accounts of the terrible irresponsibility inherent in historicism as such—the suspension of ordinary political judgment and of common sense standards of good and evil inevitably leads to servile apologies for inhuman dictatorships as long as they call themselves "progressive." Whatever its rhetorical excesses, *Past Imperfect* is at its best an intelligent renewal of the Tocquevillian critique of literary politics. One reviewer, John Sturrock, in the *New York Times Book Review* no less, went so far as to question the idea that responsibility is something that should be demanded of intellectuals. Sartre, he suggested, had the right to all of his opinions and "to have been as irresponsible as he liked."

In his new book, *The Burden of Responsibility*, Judt questions the presumption that lies behind that reviewer's defense of Sartre, namely, the assertion of the value of commitment as an end in itself. Modern intellectuals too often speak a "decisionist" language defending a course of action based upon an actor's (or thinker's) "good intentions" or "sincerity" or simply his histrionic "commitment" to a cause. They transform irresponsibility into a virtue, into what Max Weber called in his 1919 essay on "Politics as Vocation" the "ethics of conviction", with its preoccupation with "ultimate ends." Weber famously put forward an alternative "ethics of responsibility", in which the political thinker or actor takes responsibility for the consequences of his actions. What most defenders of Weber's famous distinction ignore is that for Weber the choice for responsibility itself is the result of an arbitrary decision. In his new book, Judt surely defends a more responsible version of responsibility, one closer to Tocqueville's guiding purpose of "seeing not differently but further than the parties."

Judt chooses three admirable representatives of his virtue: the French socialist leader Léon Blum (1872-1950), the famous French writer and moralist Albert Camus (1913-60), and the greatest French political thinker of the post-World War II period, Raymond Aron (1905-83). Judt shows that these three French public figures were outsiders as well as insiders, marginalized to some extent by the illiberal currents within French political culture. They were all subject to "the misunderstanding of Paris."

BLUM WAS A man of remarkable decency who tried, in his own way, to modernize French socialism as well as French political life. A genuine intellectual within a workers' party, a non-believing Jew in a country laden with often vicious anti-Semitism, a proud adherent of France's revolutionary tradition who deplored the totalitarian character of Leninist socialism, Blum was a man of contradictions in an age of contradictions. However, while he was a man of eminent integrity, an anti-totalitarian socialist and patriot, he was hardly a model of political

[3]See Stanley Hoffmann's incisive criticisms of *Past Imperfect* in his otherwise glowing review of *The Burden of Responsibility* in the *Wall Street Journal*, January 18, 1999.

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responsibility. He had the good sense to discern the illiberal propensities inherent in the Bolshevik Revolution from the very beginning but he refused a full break with the communists because it would give them a monopoly of France's revolutionary heritage. He was against communist totalitarianism but with the communists against "capitalism."

Judt chronicles the extent to which Blum remained a partisan of the revolutionary tradition and therefore quintessentially a man of the Left. At times, he exaggerates Blum's clairvoyance about communism and hence the extent of his political responsibility. Judt establishes Blum's willingness to reconsider old prejudices, particularly his willingness to recognize the democratic and patriotic credentials of General de Gaulle during World War II, as well as his reconsideration late in his political career of the socialist mania for regulation and state management of the economy. But Judt also shows that Blum's personal and political decency coexisted with fundamentally utopian political impulses. He admits, somewhat grudgingly, that the Popular Front government headed by Blum in 1936-37 pursued economically disastrous policies. While eloquently criticizing Blum for his propensity to agonize publicly over his political and doctrinal dilemmas, calling it a form of "*angélisme*" wholly "inappropriate in a statesman", he persists in affirming Blum as a model of responsibility.

The evidence that Judt provides suggests an alternative interpretation. Blum was certainly the noblest figure within twentieth-century French socialism. He went a long way in freeing himself from its ideological blinders and his commitment to French democracy was certainly beyond reproach. He was sometimes willing to consider reforms, such as a Gaullist-style move toward presidential government, that were anathema to less thoughtful and more ideological men of the Left. In the public life of interwar France, marked by "incompetence, . . . *insouciance* and the culpable negligence of the men who governed the country and represented its citizens", Blum stands out as a great man of sorts, as the non-socialist Aron always insisted. Yet he remained a prisoner of the debilitating Left-Right dichotomy that had dominated French intellectual and political life since the Revolution, and, as Judt concedes, his leftist partisanship often reinforced the divisions that would do so much to contribute to the calamity of 1940. Blum is an eminently admirable figure, but he remained too ideological in his thought and action to embody the true greatness of political responsibility.

IF BLUM and Aron remained "outsiders" in a France in which they played publicly prominent roles, they at least lived long enough to receive recognition, even acclamation, from the French public. This was not the case with Albert Camus. By the time of his death in a car accident on January 4, 1960, and less than three years after receiving the Nobel Prize for Literature, Camus was an increasingly marginalized figure, ignored by Parisian elites who dismissed him as a vulgar thinker, a mere popularizer of philosophical ideas who held heterodox and increasingly perverse political views. It is only in the last decade and a half that his critical reputation has been rehabilitated in France.

The writer who helped glamorize "existentialist" philosophy after World War II had moved far from the world of existentialist commitment, spending the last fifteen years of his life searching for a principled ground for political moderation and articulating a firm sense of human and natural limits. In a conversation with Sartre, Malraux, Koestler and Manès Sperber as early as October of 1946, he had already radically questioned the core presuppositions behind existentialist commitment: "What if we, who all came out of Nietzscheanism, nihilism and historical realism, what if we announced publicly that we were wrong; that there are moral values and that henceforth we shall do what has to be done to establish and illustrate them."

Camus spent the rest of his life attempting to do precisely that. He insisted that "vio-

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lence is both unavoidable and unjustifiable", even when committed in the name of socialism or the liberation of the people. In a manner reminiscent of George Orwell, Camus distinguished between the nihilistic desire to destroy the existing world *tout court* and the decent man's *rebellion* against unacceptable injustice. His 1951 essay on revolution and rebellion, *L'Homme révolté* (translated into English as *The Rebel*) earned the scorn of the leftist intellectuals who confused a critique of political prometheanism with a failure to commit oneself. The publication of *The Rebel* led to his famous break with Sartre, ratified by a thundering excommunication by the "master thinker" of the existentialist Left in the pages of *Les Temps modernes*.

Long acutely aware of his status as an outsider (he was very much an Algerian and, to make matters worse, did not have the credentials that came from attending one of the distinguished *grandes écoles*), Camus suffered from severe doubts about the philosophical seriousness of his work. But like Raymond Aron, he refused to accept the regnant "authority of History" and applications of separate criteria of judgment to liberal regimes in the West and communist regimes in the East. His rejection of "Nietzscheanism" meant a rejection of all forms of historical and moral relativism. The existential novelist became the very embodiment of public moral responsibility, defending the age-old distinction between good and evil in an age enamoured of the distinction between the progressive and reactionary. His was less a distinctively political responsibility than a moral refusal to succumb to Machiavellianism dressed up in fashionable historicist garb. Not surprisingly, he was best appreciated by those who had first-hand knowledge of totalitarianism and the ideological lie: Hannah Arendt and Czeslaw Milosz, in particular, admired his honesty, his almost religious commitment to truth and decency.

Judt rightly insists that Camus was, in last resort, "an unpolitical man" who examined political life almost completely through the lenses of moral criteria. In the case of the Algerian war, this led to a tragic paralysis of sorts. Camus was torn between his hatred of revolutionary violence and his belief that European Algerians had a right to keep Algeria as a home, on the one hand, and his acute sense of the injustices that marked the French treatment of native Algerians, on the other. Raymond Aron, too, had no illusions about the revolutionary FLN in Algeria and was not committed to "anti-colonialism" as an ideology or moral imperative. Yet he was certain that demographic realities (the Arab population in Algeria had much higher growth rates than the population in metropolitan France) made integration of Algeria in a French "union" impossible. He also recognized that while Algerians were likely to be more poorly governed by their fellow nationals, the desire for self-government was natural, and in the long run probably irresistible. Camus certainly demonstrated that political judgment cannot abstract from moral criteria but his example also reveals that it is not reducible to it. Raymond Aron understood this truth as well as anyone in "the French twentieth century."

JUDT PROVIDES a concise and largely accurate account of Raymond Aron's life and thought. Far more than Blum or Camus, Aron approached political choice from the perspective of the engaged citizen and statesman. After witnessing the rise of Nazi tyranny up close as a student in Germany between 1931 and 1933, he cured himself of youthful pacifist and socialist illusions. All of his scholarly and journalistic writings were a conscious and deliberate response to "literary politics." He wrote in his *Memoirs* that "for a half-century I have restricted my own criticisms by posing this question—what would I do in their [the statesmen's] place?" While his political and journalistic writings were largely ignored by the left-wing Parisian elites, at least until the late 1970s, they gained a ready audience among policymakers, government technocrats and the citizenry at large.

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His *conservative* choice of the statesman's perspective was rooted in a philosophy of history that emphasized both the legitimate plurality of interpretations of the past and the crucial role that human choice and deliberation play in effecting the course of history. Aron rejected any faith in a global historical determinism as a superstition or "secular religion" that undermined human and political responsibility. In order to contribute a bit of reason to public life, Aron believed that the philosopher must become a political scientist or sociologist who studies the realities of modern societies and thus familiarizes himself with the concrete choices facing political actors.

As Judt rightly emphasizes, Aron believed that a commitment to "total revolution" led to a false and ultimately debilitating disjunction between revolutionary action in theory and inertia in practice. This was the false dichotomy put forward by Sartre and the other partisans of "commitment." Instead, Aron emphasized a sober ethic rooted in the truth of "probabilistic determinism", the fact that human choice always operates within certain contours or restraints such as the inheritance of the past; the major trends or forces characteristic of modern society, such as globalization, urbanization and industrialization; and, finally, the enduring limits set by the nature of man and society. Such an understanding allows the statesman and theorist to avoid the Scylla of voluntarism and the Charybdis of determinism. It provided the theoretical ground of Aron's defense of political moderation.

Here and there Judt goes astray—underestimating Aron's postwar distancing from his own pre-war "existentialism", going too far in assimilating the Aronian notion of responsibility to that of Weber (too indebted to "Nietzschean nihilism" in Aron's view) and on the whole ignoring certain key texts (such as "Science and Consciousness of Society", 1960, and "Fanaticism, Prudence and Faith", 1956)[4] that illuminate the Aronian understanding of political judgment. The latter text in particular is Aron's magisterial response to the efforts by Sartre and other French intellectuals to fuse Marxist historicism and existentialist commitment in a way that jettisons any concern with political moderation and prudence. In that text, which supplements and explains the intention of *The Opium of the Intellectuals* (1955), Aron makes clear that his own conservative-minded liberalism is based not upon radical skepticism about principles per se but rather on legitimate skepticism about "schemes, models and utopias." Progressive intellectuals and fellow-traveling Christians found a "sacred value" in revolution not because they believed too much but because they succumbed to nihilism and thus were led to "invest the historical movement with reason after having divested it of man." They had lost "authentic faith" in solid principles and were thus prone to moral and political fanaticism. Unable to affirm the dignity of non-utopian thought and action, refusing to work for the "safeguarding of personal or intellectual freedom" within modern mass societies, utopian intellectuals were led to take a "pyramid builder" such as Stalin "for its God."

Aron worked to recover the intellectual and moral ground of reasonable action. Judt has many illuminating things to say about his quarrels with the French intellectuals, his refusal of all moralistic posturing, his understanding of the need to embody freedom in sturdy civic institutions under the rule of law,

[4]See Aron's discussion of balanced intellectual judgment in "Science and Consciousness of Society", in *History, Truth and Liberty: Selected Writings of Raymond Aron*, ed. Franciszek Draus (Chicago: University of Chicago Press, 1985). Aron's best account of political judgment can be found in "Le fanatisme, la prudence et la foi" in *Marxismes Imaginaires: D'une sainte famille à l'autre* (Paris: Gallimard/Folio, 1970 and 1998). An English language text can be found in Aron, *Marxism and the Existentialists* (New York: Simon & Schuster, 1970), and will appear as an appendix to a new edition of *The Opium of the Intellectuals* to be published by Transaction in 2000.

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and his distinctive brand of international relations realism. He lucidly shows how Aron's "realistic" understanding of statecraft allowed for the decisive role that ideology and ideas play in the self-understanding of nations. Above all, he articulates the ways in which Aron's realism entails something much more than a polemical rejection of idealism. He writes intelligently about Aron's difficulty in coming to terms with his Judaism and the ways in which his ultimate refusal "to break his links with Judaism and Israel" reveals "the outer limits of Aronian rationalism." But about Aron's political philosophy proper he is much less helpful. He appreciates that there is something of permanent value in Aron's political perspective, but he is more successful in showing how Aron helps us to understand the problems of France and Europe in the twentieth century than he is in establishing how Aron might continue to speak to citizens in a post-Cold War world.

TONY JUDT HAS written an eloquent and engaging account of the moral and political dilemmas that marked "the French twentieth century." He provides fascinating portraits of three decent men who tried to see beyond the limits of a French political culture still largely defined by the conflict between the Left and Right, between the partisans of the French Revolution "as a bloc" and its inveterate critics and opponents. All three saw through the pretenses of Leninist communism and came, in different ways and with varying intensity, to identify unflagging opposition to communism with partisanship for liberty and human dignity. Blum did so as a man of the Left, trying to save its honor from mutilation by apologists for a new Caesarism. Yet despite immense personal and political courage, he was never able to free himself from the great illusion that the division between the Left and Right provided the key to the understanding of modern politics. As Judt shows, Camus was sometimes tempted by a facile attribution of "moral equivalence" between the faults of liberal societies and those of totalitarian ones. But he didn't really believe this and it is best understood as a residue of leftist or ideological thinking. In contrast, Blum never fully left ideology behind but instead forged a remarkably prudent political course within the limits of an ideological understanding of reality. Camus and Aron came to reject completely what Aron called "the myth of the Left" and "the myth of the revolution" while Blum pursued decent political options within the framework of those myths.

Judt might have looked for a third model of responsibility in someone like the Catholic writer and political commentator François Mauriac, who identified political responsibility in the French twentieth century with opposition to Left and Right totalitarianism alike and with support for de Gaulle's refounding and revitalization of French institutions and national spirit. (Judt's failure to do so is explained in part by his too ready identification of Gaullism with illiberalism and authoritarianism.) That would have made for a more coherent book, one more clearly centered on the dilemmas of responsibility in the French twentieth century. But all reservations aside, this book contributes to the necessary task of coming to terms with the meaning and perplexities of an all too tragic century. □

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The Man Who Stood Up To Stalin

Arch Puddington

Ted Morgan, *A Covert Life. Jay Lovestone: Communist, Anti-Communist, and Spymaster* (New York: Random House, 1999), 403 pp., $29.95.

THROUGHOUT THE Cold War, no institution of American life was as wholeheartedly committed to the anti-communist cause as was organized labor. Under the leadership of men like George Meany, David Dubinsky, Albert Shanker and Lane Kirkland, the trade union movement advocated an aggressive policy to counter Soviet expansionism and scorned efforts at East-West détente. To forestall communist gains within the international labor movement, American unions launched an ambitious and costly international program to encourage the spread of democratic unions in postwar Europe and the Third World. While most European labor movements tolerated communist involvement, American unions ruthlessly purged party members from the leadership ranks and expelled communist-led unions from the major labor federations. And when American liberals became critics of an anti-communist foreign policy, organized labor remained the only influential force within the Democratic Party coalition to continue to back a robust defense and an assertive anti-Soviet diplomatic course.

As reward for its unapologetic anti-communism, the AFL-CIO was treated as a pariah by liberals and the Left. Some scholars actually argue that organized labor's membership decline and collective bargaining impotence was caused by the expulsion of communist union activists and support for America's Cold War goals. And revisionist historians have sought to demonize those labor officials who were principally responsible for the movement's "obsession" with the global communist threat.

For many critics, the major object of hate was Jay Lovestone. From the end of World War II until the mid-Seventies, Lovestone was the central figure behind labor's far-flung international affairs operations. His influence reached well beyond the confines of the trade union movement; it may be an exaggeration to describe Lovestone as an architect of American Cold War policy, but it is beyond dispute that his views played a role in stiffening the backbone of wavering officials during the conflict's early years.

Those views were based on the premise that by its very nature the Soviet Union was bent on world domination. Lovestone liked to say that, "I may be wrong, but I'm never in doubt." Fortified by supreme confidence in the cold warrior's world-view, Lovestone fought communist influence wherever the opportunity arose, and spent little time agonizing over the tactics or alliances required for victory.

Because of his ultra-secret habits, Lovestone's life became the stuff of myth-making. He preferred to work in the shadows; during his lifetime, little was known about his comings and goings, his place of residence, his friends or his relations with women. Although he had a high regard for his own political judgment, Lovestone was utterly indifferent to public recognition. It mattered little who got the credit as long as the result was another setback for the agents of Soviet power.

It is, I suspect, the clandestine nature of Lovestone's life that intrigued his biographer, Ted Morgan. Morgan is not a Cold War specialist, but rather a traditional biographer, with works on Churchill and Somerset Maugham to his credit. There are times when one wishes Morgan was better acquainted with

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the history of American labor or the intricacies of Cold War politics. But these are minor quibbles, for in fact *A Covert Life* is an impressive achievement that succeeds in enlightening us about labor's international operations while providing an engrossing portrait of one of the Cold War's most mysterious personalities.

LOVESTONE'S early history was not dissimilar from other radical Jewish immigrants of the early twentieth century. He was born Jacob Liebstein in 1897 in what is now Lithuania. The son of a devout rabbi, he was raised in semi-poverty in New York. He boxed a bit as a youth, under the nickname "The Blond Jew", a tribute to his non-Jewish features. But his principal passion was radical politics. Lovestone shifted allegiance from one socialist grouping to another until he found a home in the Communist Party (CP). He became the perfect organizational functionary, a tireless worker, spirited debater and relentless faction fighter. He moved steadily up the ranks until he attained the party leadership position in 1928. In the course of his meteoric rise, Lovestone made numerous enemies among party notables whose conspiratorial skills were every bit as good as his own. They convinced the Comintern to initiate an investigation of the American party, and this culminated in what can only be described as a "trial" of Lovestone and his followers in Moscow.

This event must rank as one of the most remarkable episodes in the annals of Soviet communism. A blue-ribbon committee of world communism—its members included Molotov, Kuusinen and Bela Kun—was convened to determine the fate of the American party. Serving as chairman was Stalin himself, flush with success after having purged his leading rivals for Soviet party leadership. Even in pre-show trial days, his words had an ominous ring. "Let me remind you that Zinoviev and Trotsky also at one time played trumps with percentages", he reminded the Lovestone majority, "and you know in what a farce the vainglory of Trotsky and Zinoviev ended. . . . Today, you have a majority. Tomorrow, you will have no majority at all."

These cautionary remarks did not, however, produce the expected results. The Americans did not cringe before the leader of world communism. Lovestone brought along a delegation of ten "ordinary American workers" to buttress his claim to leadership of the proletariat, and the Lovestoneites proved to be quite thoroughly American in their lack of respect for authority and their loyalty to their chosen leader. After the Comintern had rendered its decision to remove Lovestone from his leadership position, the Americans were asked to step forward and declare acceptance of the verdict. One by one, they rose and informed Stalin that he had no right to dictate to Americans who their leader should be. One Lovestoneite, an athletic-looking black named Eddy Welsh, actually refused to shake Stalin's hand after the session had ended. Lovestone himself acted more like an American than a seasoned communist, stubbornly—and naively—challenging and insulting Stalin and other Comintern leaders, and committing enough blunders to warrant execution ten times over. Never before or after was Stalin treated so rudely.

Lovestone's troubles continued even after the trial concluded. While the rest of the American delegation was allowed to return home, Lovestone was forced to remain in Moscow to await an assignment from the Comintern. No assignment was forthcoming, and after several weeks, a panicked Lovestone began to wonder if he would ever see America again. He escaped only after securing the connivance of a party official who provided him with false papers and an airline ticket.

Lovestone's career in the CP was over. He soon began his second life, this time as an anti-communist. The weapons he employed included those he had perfected during his party days—factionalizing, splitting the opposition, mobilizing loyal cadres, developing a network of informants and agents. His first patron was David Dubinsky, the anti-communist president of the garment workers union. Dubinsky was sufficiently impressed with Lovestone's abilities to recommend his ser-

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vices to George Meany, at the time the de facto leader of the American Federation of Labor (AFL) and the man who was to dominate American labor for over thirty years.

Meany proved the ideal boss. He too hated communism and was determined to rid the labor movement of party influence. Meany agreed with Lovestone that in the postwar period the Kremlin would use its followers in the world labor movement to advance the Kremlin's interests. He didn't mind Lovestone's clandestine tactics, and invariably supported his lieutenant when labor liberals like Walter Reuther demanded his removal. Reuther's people hated Lovestone for the tactics he employed in a campaign to drive the CP out of the auto workers union in the late 1930s. Reuther eventually conducted his own anti-communist purge of the union. But he regarded Lovestone as slippery and devious, a man, as Reuther's brother Victor put it, who if invited somewhere, would "come in through the transom even if the front door was open."

To prevent further Soviet gains, the AFL established its own foreign policy independent of the American government and placed Lovestone in charge. Lovestone's first priority was postwar Europe, and his initial battleground occupied Germany. There, American communists had worked their way into strategic positions in the occupation government. Their goal was to bring the German labor movement under communist control by promoting a new generation of "grass roots", i.e., pro-communist, labor leaders instead of reinstating the old pre-war social democratic trade unionists. For a time they had the ear of the military men in charge of the American zone, including General Lucius Clay, a man of anti-labor instincts. Eventually, however, Lovestone's people won out, ensuring that West Germany's unions would be led by pragmatic anti-communists for the duration of the Cold War.

In France and Italy, communists presented a more serious threat. They dominated labor in both countries, and in France threatened to use trade union power as a weapon against the Marshall Plan. The CGT, the principal French labor federation, called several strikes in key industries as part of a Kremlin-directed attempt to thwart France's membership in the emerging Western alliance.

Lovestone dispatched Irving Brown, his chief operative, with instructions to break the communist labor monopoly in the key industrial sectors. Brown first set about to split the French union movement, splitting being a tried-and-true Lovestone tactic honed in struggles against communist influence in American unions. Brown convinced several eminent non-communist labor leaders to leave the CGT and form a new federation, called *Force Ouvrière*. To counter communist influence in the dock workers union, which had refused to unload European Recovery Plan goods, he hired a longshoreman official with contacts among the Marseilles underworld. After a few threats and some judicious muscle-flexing, the material began to reach its destination. In Italy, Brown pulled off another successful splitting operation, with the result that while communists retained a large influence in labor, they would face serious competition for worker allegiance in the future.

Lovestone's campaign to weaken communism in the European labor movement must be judged a success—the high water mark of his career. Unfortunately, his forays in the Third World had a much different, and sometimes tragic, outcome. Lovestone and Meany shared a strong anti-colonial bent, and both feared that communists would dominate trade union movements once Third World countries attained independence. Lovestone first turned his attention to North Africa. He persuaded American labor to support independence for Tunisia, Morocco and even Algeria, where the war against France had just begun. Lovestone brought delegations of North African union leaders to the United States, where they were honored as leaders of what many predicted was a coming democratic revolution in the developing world. He gave them financial assistance and pleaded their

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case to American government officials. He also launched a similar campaign for the non-communist trade unions of the major colonial states of black Africa.

Lovestone's Third World project proved a noble failure. To be sure, communists did not seize control of the trade unions in the countries selected by Lovestone for American labor support. But Lovestone's goals went beyond the defeat of communism; he remained a firm believer that a union movement independent of the state was a precondition for freedom. Yet in one country after another, the new post-colonial political leaders emerged as more repressive than the old colonial masters. Rather quickly, they absorbed the trade unions into the dominant party structure and either coopted labor leaders or had them arrested.

Throughout the Cold War, the AFL-CIO devoted a remarkably high percentage of its budget to international affairs. Until the late Sixties, this money was supplemented by generous contributions from the Central Intelligence Agency. Revisionist critics have pointed to labor's ties with the intelligence community to advance the argument that support for America's anti-Soviet objectives served to corrupt labor by involving it in the dark side of foreign policy—the coups, the repression of non-communist leftists, the support for right-wing strongmen and juntas. Morgan doesn't buy this interpretation. He regards Lovestone's relations with the CIA as neither unusual nor worthy of condemnation. By his account, Lovestone was happy to take the CIA's money but seldom did the CIA's bidding, and seems to have regarded the CIA officials he encountered as self-important dilettantes—"Park Avenue socialites and incompetents and degenerates."

The one exception was James J. Angleton, the CIA's legendary chief of counterintelligence. The two became fast friends, united by a shared world-view and the conviction that they were the "guardians at the gate" who had a "higher understanding of the Soviet threat." Lovestone provided Angleton with intelligence reports from his vast network of agents and contacts; Angleton siphoned money to Lovestone from a special slush fund he controlled. Some of that money paid for the services of Louise Page Morris. Morris was the daughter of a blue-blood New England family and a one-time model—she was the Lucky Strike girl in magazine advertisements. She eventually became an American spy, and for several decades worked for Lovestone under the cover of the Free Trade Union Committee, a Lovestone creation. According to Morgan, Lovestone had many affairs, beginning with the wife of a leading CP comrade (during the 1950s his romances were carefully chronicled by the FBI, which investigated this leading anti-communist on the incredible belief that he might be a Soviet agent). But Morris was the love of his life, a beautiful woman who enjoyed the clandestine world every bit as much as he did.

Like Angleton, who never accepted the existence of the Sino-Soviet split, Lovestone was seriously off the mark in interpretations of many world events, especially as he grew older. But when many of our elites were inclined to sneer at the cold warrior's mentality, Lovestone was still there to remind those who would listen that communism, whether under Stalin or Brezhnev, represented one of the great evils of history.

His most important legacy was his role in persuading American trade unionists that communism was the chief adversary of free unions and their members. And in the end, it was a workers' struggle in Poland that helped bring the Marxist-Leninist edifice crashing down, and it was the AFL-CIO that sustained the Solidarity movement in the bleak days of martial law. Lovestone was right to never doubt his convictions. As for the AFL-CIO, it has no apologies to make for its prominent role in the Cold War triumph of the democratic West. □

Arch Puddington is vice president for research at Freedom House. His history of Radio Free Europe-Radio Liberty is forthcoming from the University of Kentucky Press.

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Reagan's Plan

Kiron K. Skinner

Dinesh D'Souza, *Ronald Reagan: How an Ordinary Man Became an Extraordinary Leader* (New York: Free Press, 1997), 292 pp., $13.

Beth A. Fischer, *The Reagan Reversal: Foreign Policy and the End of the Cold War* (Columbia, MO: University of Missouri Press, 1997), 176 pp., $27.50.

William Pemberton, *Exit With Honor: The Life and Presidency of Ronald Reagan* (Armonk, NY: M.E. Sharpe, 1997), 295 pp., $29.95.

THE ORTHODOX line that Ronald Reagan knew little and did less, and that his foreign policy success was the result of unusual good fortune—particularly in the form of Mikhail Gorbachev's coming to power—is losing ground. It is gradually being displaced by the revisionist thesis that Reagan was a shrewd strategist who orchestrated events, wanted victory in the Cold War, and sensed that it was possible. Still, the burden on those seeking to make the latter case is heavy, because Reagan has for so long been presented in terms of a thin, insubstantial persona, little more than a political brand name for a kind of class-B Hollywood anti-Sovietism. What is revealed by a close inspection of the record, however, is that the revisionists not only make the better case, but may even be underestimating the man.

Three recent books make the case for Ronald Reagan's seminal role in ending the Cold War, arguing in their different ways that Reagan was an unusually strategic-minded politician. In *The Reagan Reversal: Foreign Policy and the End of the Cold War*, Beth Fischer contends that in the span of ten weeks the Reagan administration completely reversed its Soviet policy. On October 31, 1983, Deputy Secretary of State Kenneth Dam delivered a speech declaring that, through its military build-up and meddling around the globe, the Soviet Union posed the greatest threat to U.S. and global security. But in a televised foreign policy address on January 16, 1984, President Reagan went out of his way to stress the "common interests" of the superpowers, and to declare that the possibility of nuclear war was the most important security threat to both the United States and the Soviet Union. The January 16 speech, argues Fischer, "proved to be the turning point in his administration's approach to the Kremlin. With this speech, Reagan began seeking a rapprochement."

Fischer considers three domestic level explanations for the alleged policy change. One is that President Reagan moderated his Soviet policy in 1984 because it was an election year. Another is that by 1984, National Security Adviser Robert McFarlane and Secretary of State George Shultz had captured the supposedly passive President and implemented a more moderate approach to superpower relations. Fischer's third hypothesis is that the President himself led the reversal because of a genuine conversion. She finds this last thesis the most convincing.

Fischer argues that in the aftermath of the Soviet downing of Korean Air flight 007 in September 1983, the airing of the television movie "The Day After", which graphically depicted the effects of a nuclear war on the United States, and a Pentagon briefing on nuclear war, the President "had a turning-point experience." This experience tapped

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into his deep-seated and long-standing abhorrence of nuclear weapons, and his moral outrage over the doctrine of mutual assured destruction, which worked by holding civilization itself hostage before an act of mutual insanity. In addition to all this, the Soviet Union—apparently reacting to a major NATO training exercise (Able Archer) in November—upgraded the alert status of some of its nuclear-capable fighter aircraft. The superpowers had come too close to blundering into nuclear war for Reagan's comfort. According to Fischer, it was in response to this accumulation of factors that Reagan shifted U.S. Soviet policy in a cooperative direction—a year *before* Mikhail Gorbachev came to power, it should be noted.

While Fischer's third and favored hypothesis is much stronger than the two she rejects, it is still unconvincing. Rightly, she finds remarkable the speed with which Reagan seems to have radically changed his assumptions about U.S.-Soviet relations and his policy goals. She does not, however, even entertain the possibility that this apparent radical change of strategy, far from involving an equivalently radical change of mind, was itself part of a single strategy—one that required a deliberate tactical change once the United States had managed to raise the stakes and make the cost of Soviet expansionism prohibitively high. Reagan and Shultz believed that the United States had succeeded in doing this by 1983-84, through a parallel course of rearming the U.S. military, reviving the American economy, and reinvigorating the diplomacy of containment. Fischer does not recognize that Reagan's Soviet strategy included policies and gestures of both confrontation and cooperation all along, and that what happened was that the proportions shifted. Rather than reversing himself in 1984, then, Reagan may instead have been moving to a different phase of a consistent policy he had broadly envisaged well beforehand. Statements made by Secretary Shultz in 1983, the policy coordination between Reagan and Shultz in January 1984, and Reagan's pre-presidential writings strongly suggest that this is the case.

Although there was a much more cooperative tone to Reagan's January 16 speech, the substance of that speech actually was presented seven months earlier in Shultz's testimony before the Senate Foreign Relations Committee on June 15 and was approved in advance by Reagan. In that testimony, Shultz spoke about the "common interest" of the superpowers in avoiding nuclear war, and declared that the administration did not believe that "mutual hostility with the USSR . . . [was] an immutable fact of international life."

Furthermore, at the opening session of the Conference on Disarmament in Europe in Stockholm on January 17, 1984, Shultz, like Reagan the day before, spoke about peace and cooperation. He did so only after declaring that the division of Europe was "the essence of Europe's security and human rights problem." According to Shultz, the two speeches were a coordinated effort. One sounded more cooperative, and the other less so. But both emphasized the same themes.

Shultz has recently stated that he and the President were concerned about the raised temperature in U.S.-Soviet relations in 1983, reflecting the Soviet reaction to the successful deployment of INF missiles in Germany. That concern, however, did not lead Reagan to change his Soviet policy. Their speeches represented a tactical shift, not a strategic one, a concern to keep some momentum going on U.S.-Soviet relations in the aftermath of the Soviet walk-out of the arms control talks.[1]

Between 1974, when he finished his second term as governor of California, and 1981, when he assumed the presidency, Reagan, along with a few of his advisers, began to draft what amounted to a new grand strategy for the United States. Most statesmen, scholars, journalists and even many of his advisers in the 1980s are unaware of how extensively Reagan talked and wrote about achieving superpower

[1]Author's interview with Secretary Shultz on January 11, 1999.

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cooperation and world peace during those years. They are also unaware of how strongly he came to believe that while the American people had an enduring preference for cooperation with the Soviet Union, they were willing to undertake the effort and risks associated with a strategy of strength initially necessary in order to realize that preference. During the 1970s, Reagan launched two full-scale presidential campaigns and supported himself by delivering a daily radio address, writing a biweekly newspaper column and giving speeches on behalf of conservative causes. The result is a rich record of policy analyses and pronouncements from the 1970s so far overlooked by most of those who write about Reagan.[2]

IN *Ronald Reagan: How an Ordinary Man Became an Extraordinary Leader*, Dinesh D'Souza has largely ignored that record. True, D'Souza demonstrates keen insight into Reagan and his thinking about U.S.-Soviet relations, declaring that "Reagan was the guiding force behind . . . events." D'Souza understands that it was not the case, as frequently claimed, that Reagan opposed arms control. Rather, as dangerous as the nuclear arms race was, Reagan recognized that it was much more a symptom than a cause, and that Soviet imperial ambitions and internal repression were the real sources of the Cold War. His first task and main foreign policy goal, D'Souza rightly maintains, was to reverse Soviet fortunes at the source.

Despite all this, D'Souza's book does not establish that the President had anything approaching a coherent strategy for achieving that goal. Rather, D'Souza's methodology of building his case through interviews with former Reagan administration officials highlights an irony: elusive as Reagan was in public, he was at least as much so in private life. He did not reveal his deepest thoughts even to those who were close to him. This is why insider accounts, even subtle and appreciative ones, need to be supplemented with detached and systematic historical work.

Historian William Pemberton has begun this prodigious assignment by writing a book based on some of the open files on Reagan. *Exit With Honor: The Life and Presidency of Ronald Reagan* is a broad biographical sketch of Reagan's pre- and post-presidential years. Pemberton contends, as do a great many others, that "Reagan did not have a coherent foreign policy when he entered the White House; he had a few fundamental beliefs." This is a distinction that does not necessarily amount to a difference, for coherent foreign policies and grand strategies usually do not require more than a few simple ideas. Indeed, often one idea will do. In Reagan's case, his central premises were that democracy and free-market economies were the basis for world prosperity and peace; that nuclear weapons were evil and should be abolished; that a strategy of strength—military, economic and political—was a necessary condition for peace; and, finally, that the United States was an exceptional state in world history. Pemberton contends that this set of beliefs—which in his view does not amount to a grand design—ultimately drove Reagan to his vision of a nuclear-free world. And while Fischer underplays the possibility that some of Reagan's advisers were central to the American contribution to ending the Cold War, Pemberton sees Shultz as critical: "Shultz understood that despite Reagan's evil empire rhetoric he intended to open serious negotiations when American strength and Soviet vulnerability converged to bring Moscow to the bargaining table."

This apart, Pemberton's explanation is similar to Fischer's: he contends that Reagan improvised, responding to international events as they unfolded; like Fischer, he sees the January 16 foreign policy address as "mark[ing] a real shift in Reagan's thinking"; and he too makes his case essentially by analyzing Reagan's activities in office.

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[2]For a careful first-hand account of Reagan's political activities during the late 1970s, see Peter Hannaford, *The Reagans: A Political Portrait* (New York: Coward-McCann, 1983).

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IN FACT, THE content of Reagan's January 16 speech was not, as Fischer and others would have it, a response to his having suddenly "learned" about the dangers of nuclear war. Nor did the speech represent a fundamental policy shift. Rather, it represented a tactical adjustment that reflected a strategy toward the Soviet Union that Reagan had been mulling over for years—indeed, long before he assumed the presidency.

Let's review the speech. Crucially, Reagan began by declaring that the neglect of U.S. defenses during the 1970s had been reversed by 1984. The United States was thus in a more credible position "to convince any potential aggressor that war could bring no benefit. . . . Now there is less danger that the Soviet leadership will underestimate our strength or question our resolve." Only *after* discussing America's military and economic resurgence did the President proclaim that the superpowers have "common interests" in avoiding nuclear war, and that "1984 is a year of opportunities for peace." Reagan carefully related the U.S. preference for mutual cooperation to its strategy of strength, arguing that the former could be achieved only after the latter was in place.

A careful look at the historical record shows that the President had outlined most of what was in this speech years earlier. During his pre-presidential years, Reagan honed four core hypotheses about U.S.-Soviet relations and the Cold War. First, he argued that nuclear weapons did not fundamentally change the nature of international relations. In his view, then, arms control would be easier to achieve and more significant once fundamental issues like Soviet expansionism had been addressed.

Second, Reagan believed that the United States was an exceptional state in world history because it protected internal freedom and equality, promoted these values abroad, and was not, in the Cold War context, seizing territory as the Soviet Union had done in Eastern Europe.

Third, he saw the Soviet Union as an abnormal state because it had no popular base of support, suppressed freedom of every sort, set itself up as the world leader of states with similar characteristics, and was prepared to foment major international crises as a means of fostering internal control.[3] Reagan's "evil empire" speech of March 8, 1983 has become Cold War folklore, but Reagan had been speaking about the Soviet Union in precisely these terms since at least 1978. In a speech on April 10 of that year, for example, he intoned:

> There is an evil influence throughout the world. In every one of the far-flung trouble spots, dig deep and you'll find the Soviet Union stirring a witches' brew, furthering its own imperialistic ambitions. If the Soviet Union would simply go home, much of the bloodshed in the world today would cease.[4]

Reagan's final—and at the time most contentious—proposition was that Russia's inefficient economy and inferior technology ultimately could not survive competition with the United States over armaments. He discussed his hypothesis repeatedly in his daily radio broadcasts and bi-weekly newspaper columns in the late 1970s.

From these four hypotheses Reagan deduced a grand strategy. The strategy was in one sense as simple as "peace through strength", Reagan's foreign policy mantra during the 1970s. But despite his reputation as a reckless warmonger, his stress on peace

[3]In one of his daily radio addresses in 1975, Reagan in effect stated that the Cold War would eventually come to an end because "communism is neither an economic nor political system—it is...a temporary aberration which will one day disappear from the earth because it is contrary to human nature."

[4]For the evil empire speech see "Remarks at the Annual Convention of the National Association of Evangelicals in Orlando, Florida, March 8, 1983", *Public Papers of the Presidents of the United States: Ronald Reagan*, vol. 1 (U.S. Government Printing Office, 1983), pp. 359-64.

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as the goal was as firm and sustained as that on strength as the means. "Peace" was the title of one of his daily radio addresses in the spring of 1975. He mentioned U.S.-Soviet peace twice in announcing his intention to seek the presidency on November 20, 1975. Reagan amplified this theme during the 1980 presidential campaign, declaring in a speech in Boston on August 20 that the American goal was "not just . . . peace in our time but . . . peace for all time."

Who was the source of this long-standing and consistent theme? As far as one can tell, Reagan himself. Sometimes, especially during his first post-gubernatorial year, Reagan's daily five-minute radio commentaries were drafted by a political adviser, most often Peter Hannaford. A handwritten draft of the 1975 address on peace by Reagan is in the archives.

REAGAN REMAINS elusive, for he was a genuinely humble man who kept his own counsel. The requirements of evidence to make the case that he really had a strategy, and that he himself substantially crafted it, are distinctly high. The good news is that a paper trail exists—in the form of his various speeches, broadcasts and statements as well as the archives of his private papers—to make that case. The puzzle is why so few have bothered to follow it. The three books at hand underscore the need to go deep into the public and private record to make even a minimally convincing revisionist case about Reagan and his presidency. Plenty of work remains to be done. □

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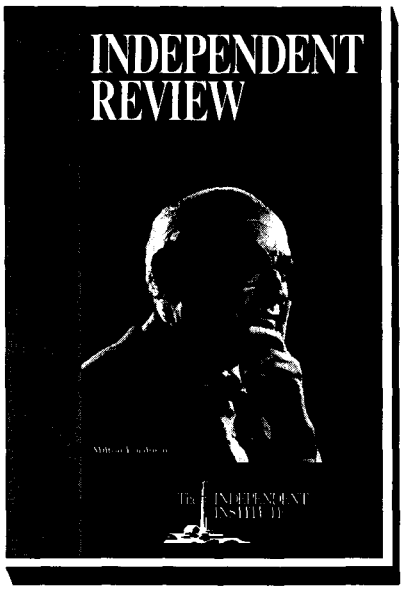

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Letters

Seeing Russia Plain:

FRITZ Ermarth's excellent article ("Seeing Russia Plain: The Russian Crisis and American Intelligence", Spring 1999) cites the U.S. intelligence community's failure to grasp the destabilizing implications of organized crime and corruption both for Russia and the international community generally. The failure, though, has to do with more than uncaring policymakers and faulty "management codes." The main reason relates to the diminished role accorded to traditional spycraft in the intelligence collection process. Unfortunately, unconventional threats from Russian organized crime—its system penetration activities, contributions to capital flight, clandestine transfers of dangerous materials and weaponry, and so on—have made human collection systems quintessentially important. "National technical means" are not necessarily useful in anticipating threats from criminals and other malevolent non-state actors. Also, the tedium of the Washington analyst culture, relieved only by occasional red team-blue team exercises and seminars on chaos theory, does not create the right mindset for understanding modern-day criminal dynamics in Russia and elsewhere.

Efforts are reportedly underway to reconstitute and revitalize America's clandestine intelligence services. These are long overdue and are to be applauded. But much of what is now happening in Russia, from the degradation of national structures of power to the proliferation of bomb-making materials and technology, already may be beyond the West's power to stop.

Rensselaer Lee
Global Advisory Services, VA

FRITZ Ermarth identifies the high costs of corruption to Russia and how American policymakers overlooked it. Our policymakers were not alone. Decisionmakers in major public and private financial institutions also failed to integrate the costs of corruption into their analysis of Russia (as well as of Asia and Mexico)—a failure that resulted in devastating financial consequences both for Russia and the international banking community.

Further, I do not believe that Ermarth considers adequately the most troubling consequence of Russian corruption—the fracturing of the Russian state. Consider, for example, the impact of corruption and organized crime in the Russian Far East, where large subsidies from Moscow are routinely diverted by local officials, who also sell off valuable local resources for personal gain. It is not surprising that foreign investors are reluctant to invest in the region. Indeed, it is so wracked by corruption it may no longer be part of Russia in the twenty-first century. Millions of Chinese have already moved into the Russian Far East, and already outnumber Russians in border cities.

Policymakers in the U.S. government, the World Bank, the IMF and the international banking community need urgently to address these problems in a more integrated and inter-disciplinary manner.

Louise I. Shelley, American University
Transnational Crime and Corruption Center

FRITZ Ermarth offers an excellent analysis of Russia's crisis. His most astute observation is that "the revolution of 1991 was not as revolutionary as it seemed." The fact that the plunder of Russia began

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well before the advent of Yeltsin's reforms has profound economic and political implications and may well have helped to doom Russia's reforms. Ermarth is rightly critical of the unwillingness of U.S. decisionmakers to deal more aggressively with this problem, as well as of the failure by the intelligence community to be more forthright in explaining to them what was precisely at stake. However, given the diverse long-term obstacles to the success of Moscow's democratic and economic reforms, one must question whether even a more assertive U.S. policy toward Russia's corruption would have made a difference.

Paula J. Dobriansky, Council on Foreign Relations
David B. Rivkin, Hunton & Williams

Ermarth replies:

THESE three letters make significant points. Mr. Lee notes that traditional espionage can contribute to assessing foreign crime and corruption; this is particularly true in identifying specific miscreants and threats. I do not believe, however, that any failings on this front account for our inadequacies in Russia. The press, public debate and marketplace were full of evidence. Our embassy reporting could have been stronger; but still one of the most telling statements from any official American came from Ambassador Pickering as he was leaving Moscow in late 1996: We didn't need spies; we needed eyes—and wits.

Ms. Shelley rightly warns that crime and corruption could contribute to the fragmentation of Russia, e.g., by preventing effective investment. Despite the Russian and Asian crises, there still lingers among some analysts a view that crime and corruption can be or become "normalized" as a way of doing business, compatible with stability and growth. This seems highly doubtful in Russia precisely because state, market and society are all so weak. Not only policymakers but also academics and analysts need to contribute to a more realistic and comprehensive understanding. The program Ms. Shelley is involved with at American University is the kind of thing we need.

Ms. Dobriansky and Mr. Rivkin ask whether, in the face of Russia's dismal starting conditions, wiser and more honest U.S. policies could have made any difference over the past decade. A fair question, but I believe the answer is yes because, initially, the reformer group was small, inexperienced and highly dependent on the outside world, especially America. They acted in large part on what they thought to be our favorite doctrines and prescriptions, at least at the beginning. Better advice could have made a difference. More honesty on our part might have preserved some shred of Russian popular respect for American views. Reform may get another chance in Russia, after our respective elections. We cannot turn our back on the cause of democracy and capitalism in Russia, unless it becomes truly hopeless. To better support that cause in the future, should we get the chance, we need a rigorous audit of what, up to now, went right, what went wrong and why.

Britain's Atlantic Option:

CONRAD Black's thought-provoking article ("Britain's Atlantic Option—And America's Stake", Spring 1999) made compelling and persuasive reading. There are several other points he might care to consider.

As a major publisher himself, modesty may have prevented Conrad Black from signalling the peculiar centrality of information-based industries to the present boom. The record of American growth in the 1990s and Wall Street's euphoria are both telling us that a new industrial revolution, based on the internet, multimedia, software and digital technology is now in progress; that it is centred in the United States; that the world will have no option but to follow; and that the English language is intrinsic to this new industrial revolution in a way that no language has mattered before. The world of soft-

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ware, multimedia and the net is an English language world, giving the two largest English-speaking countries a critical advantage (though Ireland should probably be included in Black's NAFTA vision as well). In all sorts of diffuse ways this is likely to densify, multiply and enhance Anglo-American links in the years ahead.

As for the Anglo-American alliance, the most eloquent remarks on the matter came, oddly, from Valéry Giscard d'Estaing in 1990 when, fed up with Mitterrand's havering over the Gulf, he pointed out bitterly that while America could never rely on France, the United States knew that when the chips were down Britain was utterly reliable, would not flinch at casualties and would see things through with steely determination. In fact Britain seems to have been tougher-minded than the United States in most cases—certainly over the Falklands, but also in shoring up Bush's resolution in 1990 and in advocating the use of ground troops in Kosovo in 1999. The fact is that had all these crises been left to the UN they would never have been dealt with. In practice the Anglo-American alliance has again become the backbone of international security, a fact in which both countries' electorates take a certain pride.

As far as Black's thesis is concerned, the real problem is not Britain but the United States—America's British option, if you like. Opting for Britain, or for an Anglophone club of Britain, Ireland and Canada, not only threatens to tip U.S. interest away from the Hispanophone vision conjured up by the possible extension of NAFTA to all of Latin America (with diffuse effects on the United States' own internal cultural balance) but could well encounter stiff resistance from other EU members. It is by no means clear that the United States would be willing to invite Britain to join NAFTA if that cost French or German goodwill. George Bush never defined the content of the new world order partly because, as the only remaining superpower, the United States is unwilling to cut off any options anywhere. Conrad Black, by seeking to provide what may be the key element of that new world order, is also perhaps looking toward a day in which that ceases to be true.

R.W. Johnson
Johannesburg, South Africa

YOU really must stop publishing all this nonsense on modern Britain. Following hard on the heels of Robin Harris's strange paean to English nationalism comes Conrad Black's even stranger proposal that Britain should join the North American Free Trade Area. This won't do.

We can, perhaps, gloss over Black's errors of fact—like deeming Harold Wilson's first administration "Euroskeptical" when Wilson applied for membership of the EEC in 1967. We can forget the curious view that Black has of the "semi-dysfunctional" Continental economies. (If so awful, why do almost all of them have a higher GDP per capita than that of the U.K.?) And we can pass over the plain evidence that Black, whom God preserve, speaks only to a small coterie of like-minded inhabitants of London; if he ventured out of the capital, to the English regions, Wales, Scotland and Northern Ireland, he would find plenty who would actually prefer government from Brussels to the heavy hand of London. And there is little point in dwelling on the internal illogic in Black's argument; were Britain to withdraw from the EU (and despite the usual caveats, that is what Black suggests), it would undoubtedly set in train precisely that division between the Anglo-Saxon and Continental worlds that Black rightly sees as a danger for the next century. The task for Britain is to stay in the Union and to make the case, with its northern allies, for political structures that develop common European action only where that is necessary and efficient. That is hard work, of course; but all worthwhile tasks are.

No, the real mystery about Black's article is his belief that there is a specifically North American vocation for Britain. Like many Britons, I have lots of friends in Mexico. I choose to live in the United States, and need

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no reminder of the ties that bind Britain to its modern mother country. But what on earth does Black think Britons have in common with Canada? So far as I can tell, Canada largely consists of a group of cod fishermen who are paid not to fish (I think that's called "paying huge quantities of Danegeld" when it's done by the EU); a large and disaffected number of French Canadians who would like to secede; a vibrant population of Chinese immigrants in Vancouver; and a frozen waste that seems now to be called (have I got this right?) "Nunavut" and which is governed by Eskimos. Whenever I have visited Canada I have had the most enjoyable time—but quite what this odd collection of nice people has to offer modern Britain beats me. Apart, of course, from some of its best and brightest.

Michael Elliott
New York

FOR those of us who would rather see Britain in a North American free-trade alliance rather than in the European Union, Conrad Black's theses, challengingly nailed to the Brussels cathedral door, give hope of a victory over the 15-member trade association called the European Union.

Britain is being pressured by the Blair government to drop centuries-old British political institutions in favor of rule by a Brussels bureaucracy with provably kleptocratic proclivities. These Continental dirigistes have deluged member states with "authoritarian Euro-directives" totaling over 230,000 pages "of mind-numbing regulations", says Black. And anybody who knows the ways of bureaucratic rule knows these 230,000 pages are only the beginning of a new Continental tyranny.

Black's solution—Britain's entry into what might be called a North Atlantic Free Trade Association, NAFTA reborn—deserves support, especially by the Clinton administration. With the end of the Cold War, it's time for the United States to stop pushing Britain into full integration with the EU.

Arnold Beichman
The Hoover Institution

CONRAD Black implies that "Britain's Atlantic Option" is mostly about free trade. If so, then Ireland also has an Atlantic Option.

Another implication is that Australia and New Zealand have a similar option. Samuel Huntington suggested that NAFTA could be expanded into a North American/South Pacific (NASP) arrangement. With the British Isles included I would propose the new name of North Atlantic-South Pacific and keep the NASP acronym.

Tim Walker
Seattle, WA

Black replies:

R.W. JOHNSON makes a valuable point in emphasizing the increasing importance, for technological and related commercial and cultural reasons, of the community of English-speaking peoples. I agree with his historical summary, except that the U.K. government, whatever the state of British public opinion, was not particularly obstructive to the United States over Vietnam, unlike France.

My view is that NAFTA should be extended to all of Latin America that is sufficiently mature, economically and politically, to be eligible; to Poland, Hungary and the Czechs, who will be barred interminably from the EU by the Common Agricultural Policy and other impediments; and to the Turks, who might otherwise be driven out of the West altogether by misplaced European discrimination.

Giving an Anglo-American axis to a greater NAFTA would be less worrisome to the Latin Americans than the present state of outright U.S. dominance. And having Britain in the Common Market and NAFTA would enhance its ability to play a bridging role between the European and American components of the Western alliance.

Michael Elliott cites my reference to Harold Wilson's Euroskepticism in his first term as the only evidence of my "errors of fact." Wilson was elected in 1964 in opposition to Common Market membership and

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maintained that line for two and a half years, well past his second election. When taxes and cost of living are included, the U.K.'s standard of living is higher than that of many countries in the EU, which, without Britain, has had negative job creation over the last thirteen years.

I refer Elliott to any professionally conducted poll of the last five years about the British public's view of Europe. He will find little comfort for his bizarre opinions in any of them. The Euro-integrationists in Wales, Scotland and Ulster (provinces with 15 percent of the total population) are largely quasi-secessionist minorities seduced by the prospect of Euro-regional transfer payments.

Britain's role is not "specifically North American." It is to remain close to Europe and to North America, as it has through most of this century. I proposed continuation in the Common Market but not the European Union, a status similar to Norway's, while also joining NAFTA. Surely Elliott would concede Britain a more exalted destiny than is implied in his fatuous British-Scandinavian pact to promote efficiency in Europe.

My gratitude to Arnold Beichman for his support is undiminished by the fact that, though a part-time Canadian, he fits in none of the categories listed by Elliott in his sophomoric affectation to a talent for Swiftian parody.

Tim Walker is right about Ireland except that that country has been saturated with the Euromoney that has so impressed Elliott's Celtic friends in the U.K. Australia and New Zealand would be welcome if they are over their dalliance with the virtues of total immersion in East Asia. I would have thought Free Trade Association, or something with a global rather than regional description, would be an appropriate name.

International Law vs. the American Constitution:

JEREMY Rabkin makes many valuable points in his article, "International Law vs. the American Constitution" (Spring 1999), about the irresponsible inflation of international law in recent years. I would add one qualification to what he has to say.

Individual sovereign states are not ontologically self-supporting. They are creatures of a cultural and historical environment that is only a few centuries old. The powers and privileges of individual sovereign entities are fundamentally determined by the international system, rather than by the positive law of the individual states within it.

To take my favorite example, Article I, section 8 of the U.S. Constitution gives Congress the authority "to grant letters of Marque and Repraisal", which were essentially licenses to commit piracy against enemy shipping. These ancient devices were repudiated by international agreement during the nineteenth century: they have dropped out of international law entirely. Thus, despite what the Constitution says, Congress could not grant "letters of Marque and Repraisal" today, for the simple reason that there are no such things any longer.

Obviously, something is going to have to be done to disabuse unelected international agencies and NGOs of the delusion that they can create "customary international law" by fiat. Still, there may be no way to avoid the conclusion that the law of nations, once established, must in the final analysis trump the laws of any one nation.

John J. Reilly
Jersey City, NJ

China and the Quest for Dignity:

JOHN Fitzgerald's "China and the Quest for Dignity" (Spring 1999) is learned and subtly propelled in the manner of Joseph Levenson, in whose memory Fitzgerald's own book, *Awakening China*, deservedly won an Association of Asian Studies prize. He weaves a tapestry from diverse ideas with freshness and skill. Yet "dignity" as a link between nationalism and individual rights does not in the end convince. Perhaps Fitzgerald

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abstracts his chain of ideas too much from political power.

Fitzgerald says "the relationship between Marxism and nationalism . . . barely seems to matter any longer in contemporary China." Theoretically, yes. But, since the sagging of Marxist faith left Beijing with a political choice between Leninism and the abyss, communism plus nationalism is exactly the nasty blend that the Chinese ruling elite believes will ward off the fate of the Soviet Union.

It is unfortunate to link the *China Can Say No* books with Wei Jingsheng's and Li Zhisui's writings, for the latter two are antithetical to the first on the issue of individual rights and individual dignity. Fitzgerald has bundled together a quasi-fascist literature with the writings of an aristocratic individualist (Li) and a radical democrat (Wei).

The ideal of individual freedom is only incubating in the sense that it remains an aspiration of the human heart (perhaps given wings by the socioeconomic changes of post-Mao China), not in the sense that nationalism is hospitable to individualism via the concept of dignity. I am suspicious of Fitzgerald's notion that "deeply etched personal experiences of national humiliation" underlie the *China Can Say No* writings. As for Dr. Li, from my conversation with him I doubt he felt "despised" during his years in Australia. Today the political reality is that Beijing artificially perpetuates the humiliation project to keep the Chinese people unfree.

Sixteen years ago I wrote in the *Atlantic Monthly* that "the key to all Beijing's policies is that the nation is ruled by a Leninist dictatorship that intends to remain such." That is still true, and it explains, inter alia, Beijing's manipulation of nationalism, its maneuvers over WTO membership, and its desire to eject Wei Jingsheng, Wang Dan and other democrats from China (so much for nationalism!).

Fitzgerald's idea of dignity, though elegantly presented, obscures the point that a state with a self-given historical mission cannot acknowledge individual freedom. "The worth of a state in the long run", John Stuart Mill wrote in *On Liberty*, "is the worth of the individuals composing it." The same for the dignity of a state.

There is too much anti-individualism in Beijing's current nationalism for me to discern within it the seeds of dignity. Recently, Beijing has deployed an increasing number of missiles in the direction of the nearby Chinese democracy on Taiwan, and few on the mainland seem disturbed in the slightest. Whence the dignity? Actually, millions of Chinese have repeatedly, for good reasons and bad, "surrendered their dignity" over the decades of the PRC.

Ross Terrill
Cambridge, MA

Fitzgerald replies:

DISCUSSION of nationalism and human rights in China generally focuses on the ruthless exercise of power by the communist state and the fate of its hapless victims. Had my essay done the same, Ross Terrill and I would be in substantial agreement.

As things stand, Terrill has missed the point of the piece, which is that recognition and dignity are key themes in contemporary Chinese political discourse regardless of the speaker's position on nationalism and human rights. It does not taint Wei Jingsheng or Li Zhisui to suggest that discursive strategies employed by rabid nationalists and defiant liberals have more in common than we generally allow. It implies only that they converse in a common language about their shared experience of China in the late twentieth century. Of course the two sides approach the subject differently. But the moment the official language of a Leninist state is captured and inverted by its people is a significant one.

Official ambivalence toward the *China Can Say No* titles (intermittently withdrawn from sale) arises from the same concerns that prompted the exile of Wang Dan and Wei Jingsheng. So does the government's wariness toward anti-Japanese sentiments among the general population. Nationalism may not be

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"hospitable" to individualism—a claim wrongly attributed to me—but Beijing has good reason to be wary that the one may *incubate* the other.

Incidentally, it does Dr. Li little credit to use a cordial conversation with an Australian to challenge what he was prepared to say publicly about Australia in print. Dr. Li would have been truly exceptional among Chinese residents if he did not feel despised in the "White Australia" of the 1940s.

The Poverty of Anti-Communism:

WAS it Disraeli who said: "Never complain. Never explain"? But when the editor of *The National Interest* asks me to do so I must—reducing my explanations to a minimum.

Bill Buckley—who had reasons to attack me, since he was the only one among my critics whom I *had* criticized, indeed at the start of my article ("The Poverty of Anti-Communism", Spring 1999)—has struck the most generous tone. But when he speaks of "Stalin's ideological imperialism in 1945"? "Ideological"? This was the Stalin who congratulated Churchill in February 1945 for having suppressed the Greek Communist uprising in Athens; who told General de Gaulle in December 1944 not to give a thought to the French Communist leader Thorez as the latter was returning from Moscow to Paris; who told the Yugoslav Communist leaders in Moscow in the summer of 1945 not to push on at Trieste or elsewhere: "What is ours is ours. What is theirs is theirs." Stalin's own words.

I am distressed about Robert Conquest, whose books I have often respected and even admired on occasion. Distressed, because he failed to appreciate, or even notice, what I wrote in my article:

> I have nothing but admiration for the slightest evidences of courageous anti-Communist acts or words in Stalinist Russia; or under whatever Communist regime; or even within Communist parties or pro-Communist conventicles anywhere in the world. But I have hardly more than contempt for those who think it best to adopt anti-Communism as an ideology when that is not only safe but popular and even profitable for themselves.

Also: Nowhere have I ever written—or thought—that, as Conquest (not I) put it: "Father Coughlin was a half-crazed fanatic." No: Father Coughlin was not a half-crazed fanatic. He was a populist preacher—which was bad enough.

About Nathan Glazer—who was an editor of my second book (and, I thought, a friend) more than forty years ago. He has still not learned that as early as 1939—that is, sixty years ago—International Communism (surely as Stalin understood it) was no longer an Ism but a Wasm.

Meanwhile, anti-Communism is still an Ism. Or so it seems.

John Lukacs
Phoenixville, PA

SINCE I have sometimes been labeled "too anti-Communist", I naturally turned to the John Lukacs piece, "The Poverty of Anti-Communism", wondering just how poor I have been. I found him modestly describing his own observations as "trenchant." Then when he observed, "Lenin was a revolutionary, and a statesman not at all (Stalin turned out to be the opposite)", I decided that, comparatively at least, my grasp of events was not so poor after all.

Lukacs attempts to portray anti-Communism as an embracing ideology and then implies not very subtly that it is an incarnation of the philosophy of the Third Reich. This enables him to ignore those very policies and actions that created anti-Communists in the first place. One of the earliest and most searing of my own exposures to the brutal realities of a Communist system was interviewing the refugees from Mao Tse-tung's "new China" in Hong Kong and Burma in the

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early 1950s. I learned from them that they were indeed contending with part of a worldwide movement, that, for example, a majority of the central committee of the Chinese Communist Party had been trained in the USSR. My anti-Communism had little ideological background. Like that of many others, it came from practical encounters.

In a rather strained attempt to make anti-Communism a single ideology, Lukacs trivializes early organizational efforts that sought to bring governments, academics and media into an orbit centered on Moscow. Yet as the late Donald Treadgold observed, "Conversion without missionaries does not take place", and the training of cadres for the world movement which began in 1919 was a key project. Lukacs' attempts at glib generalization also lead to some real whoppers, such as his assertion that Stalin gave no support to the North Koreans, and his dismissive claim that Alger Hiss—the man who went to Yalta with Roosevelt in 1945—was just immaturely playing at being a revolutionary.

Anti-Communism was not a poverty-stricken reaction to a global challenge. It was eventually a varied and rich response of venerable cultures to an organizational weapon that attacked all religious faiths and democratic systems in favor of dictatorship of a select militarily organized party.

Richard L. Walker, University of South Carolina Institute for International Studies

FULLY discussing anti-Communism, its poverty or its reaction to a historical change of gears, requires being able to separate the cause from the methods. There were some very bad methods, borne from forgetting what made this country unique while trying to descend to the level of our adversary.

Once things cooled down, once the victims had a chance to repair their broken lives, the popular view of the McCarthy era, perhaps the most intense anti-Communist period in our history, was that of a madman doing far more damage to democracy and the "American way of life" than the Soviets in their wildest dreams. Senator Joe McCarthy was anything from dangerously misguided to dangerously cynical, using national security concerns as a tool for his own aggrandizement.

According to recently uncovered evidence, McCarthy was actually worse than we thought. John Lukacs quotes George Kennan on the reality of Communist penetration of the government in the 1930s. The Soviets really *did* have agents in the Atomic Bomb program in the 1940s, and in the government in the 1950s. Then along comes McCarthy and some of his "fellow travelers" (Richard Nixon among them) to discredit vigilance, to make anyone suspicious of the USSR look like a fascist.

Some conservatives constantly exaggerated the power and intention of the Soviet Union to act on its blacker impulses. They looked only at the ruthless opportunism of the state, how the USSR took advantage of almost every opening the West gave it, ignoring its basic caution. They might have become dangerous had they acted on their tendency to ignore Russian nationalism and try to do more than contain a temporary ideology. The sole reason for existence for some seemed to be anti-Communism. For most of us anti-Communism was a method, part of seeking a positive alternative to an international menace.

Bruce L. Brager
Arlington, VA

Orientalism, the Evolution of a Concept:

BRITISH rule in India may well have been a blessing in disguise for democracy in that country, as Randhir Singh Bains states in his letter about "Orientalism" (Spring 1999). Yet it is extraordinary for him to claim that the British did not interfere in the cultural and religious life of India, unlike the seven centuries of "Muslim tyranny" from which British imperialism rescued a perpetually grateful population.

As early as 1821 John Bowen published his *Missionary Incitement, and Hindoo Demoralization: including some observations on*

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the political tendency of the means taken to evangelize Hindostan. Bowen condemned the "religious firms" that collected money in England with "all the paraphernalia of the counting house" for the purpose of persuading Hindu converts to desert their families and "embrace Christ." He predicted—a little ahead of the Mutiny, agreed—that this would unite the Hindus politically. The use by aggressively evangelical organizations of business methods to target vulnerable Indian populations has similarly been criticized within the past few weeks, in the wake of the burning alive of a Christian missionary and his sons.

Eric Jones
Melbourne Business School

The Road to Vienna:

REVIEWING Paul Lendvai's memoirs, *Blacklisted*, Noel Malcolm expresses frustration—and puzzlement—at the veteran Vienna-based correspondent's coy handling of those Central European intellectuals who, unlike him, remained behind the Iron Curtain throughout their professional careers, only to emerge after 1989 unstigmatized by their loyalty to the lately-fallen communist regimes. "One would almost like Lendvai to have been more unforgiving here, dishing out the dirt more explicitly and removing the veils of anonymity from several of his subjects" ("And the Road to Vienna", Spring 1999).

Similar disappointment has been voiced within this region—notably in Hungary, which Lendvai left in 1957. Here reviewers less tactful than Malcolm have explained Lendvai's reticence in terms of his abiding devotion not only to some of the central tenets of communism, but, at least so far as Central Europe is concerned, to several of its major personalities.

How else, they ask, is one to understand Lendvai's often sycophantic interviews between 1994 and 1998 with Hungarian Prime Minister Gyula Horn, who took sides with the Russians against his own people in 1956 and whose administration in the "post-communist" era was synonymous with political intimidation and economic criminalization? Or his condescending and hostile approach in the years immediately before that to the government of Jozsef Antall, which threatened but ultimately failed (thanks partly due to the bad press it received at the hands of commentators like Lendvai) to clean house and break decisively with the country's communist heritage?

Another Eastern Bloc satrap to whom Lendvai still pays tribute is Mieczyslaw Rakowski, who was once one of General Jaruzelski's premiers in Poland. In 1996 Lendvai informed the *Hungarian Quarterly* about the "deeply human relationship" he had enjoyed with this stalwart defender of the (communist) faith.

In the same interview, Lendvai also admitted that before leaving Hungary he had for a time been a member of the State Security Service—the main tool of the Stalinist regime in its drive to destroy other political parties and silence critics. Like many others initially swept away by the leftist idealism of the postwar period, Lendvai soon fell out of favor with the emerging dictatorship and was for several months even jailed by it. But while his memoirs deal at length with this episode, to the extent of providing initials for the friend he believes denounced him, Lendvai's failure to state openly that he too had served in the secret police is a glaring (albeit understandable) omission.

Lendvai's career path, therefore, has more in common with the "communist hacks" (Malcolm's term) he left behind after the 1956 uprising than he seems prepared to admit. Indeed, it is only in such circles that his memoirs have met the same positive reception in Hungary that they have for the most part been given in the West. From which one might draw the lesson that if prophets are without honor in their own country, then this is sometimes well deserved.

Johnathan Sunley
Budapest

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Lendvai replies:

MR. SUNLEY'S letter on Noel Malcolm's review of my memoirs is based on absolute ignorance of my work. My alleged "abiding devotion to some of the central tenets of communism" and to "several of its major personalities" would surely come as a surprise to my readers, and particularly to the current president of the Republic of Hungary, Arpad Goncz. He wrote the preface to my previous book, which is quoted on the jackets of the German and Hungarian editions of my memoirs: "P.L. is one of the most respected East Europe experts in the West. From Moscow to Albania, from Yugoslavia to Hungary, he knew everything about Eastern Europe—I suspect much more than many people would have liked." President Goncz spent six years in prison after the 1956 revolution and is better qualified than Sunley to judge my credentials.

It is true that I had a "good human relationship" with the Polish journalist (and later prime minister) Mieczyslaw Rakowski, as did Zbigniew Brzezinski and many others, because he was different from other communist politicians. But the phrase "deeply human" was a bad translation by the *Hungarian Quarterly* from the original interview in the monthly *Mozgo Vilag*. That English version of the interview was cut substantially. The question posed to me during that interview was related to attacks against me in *Magyar Forum*, the extreme and anti-Semitic right-wing periodical of the Csurka party. The *Forum*, which criticized me for conducting an interview with Professor (and erstwhile General) Bela Kiraly of Brooklyn College, accused me of working for the state security service. For that, the paper was sued, and the court of appeals in Budapest fined it 300,000 forint and forced it to publish the text of the verdict. I mentioned this during the interview with *Mozgo Vilag*, and noted that "I was an enlisted regular soldier and assigned to the internal militia." I also added that I had received an official document from the army, stating that I was a private without rank.

In my last two books I dealt in detail with my pre-1956 past. I also described my early release from prison, after serving an eight-month sentence, a consequence of the post-Stalin thaw. Even so, I was only rehabilitated on the eve of the revolution, and had to fight for three years to get a job. In those books, I also quoted reports from the East German, Czechoslovak and Hungarian secret service files about my "dangerous anti-Communist subversive activities." Reviewing *Blacklisted* in the *Financial Times*, Stefan Wagstyl wrote, "Others might be embarrassed to write so honestly about their faith in Communism in light of what is now known about Soviet rule. Lendvai performs a service in bringing to life the spirit of the times." Does this sound like a description of a writer who is concerned to conceal his past? Indeed, except for slanders spread by the Csurka paper and a similar publication by the Austrian Haider movement, "my abiding devotion to communism" has so far only been detected by your misguided letter writer.

As I am writing, let me note that, for financial and marketing reasons, the English edition reviewed by Noel Malcolm is only half as long as the German and Hungarian editions. This is the explanation for certain episodes being treated "rather summarily" in the English version, as noted by Malcolm in his very fair review. □

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Harry Lee's Story

Owen Harries

I FIRST VISITED Singapore in April 1955, on my way by ship from England to take up a job at Sydney University. It was a welcome break in a four and a half week journey spent mainly gazing at an unbroken horizon. The Singapore of those days was exotic, dirty and provincial. It was a city of pungent smells, street hawkers and life-threatening (i.e., deep, unguarded and very polluted) monsoon drains. The architecture was a mixture of late-Victorian imperial and run-down Chinese shophouses—no skyscrapers, nothing much over about six stories. For the passing visitor, shopping meant either a couple of staid department stores catering to the needs of colonial ladies, or the raucous bargaining free-for-all of Change Alley, where one could buy the transistor radios and ingenious mechanical toys produced in the modest early days of the Japanese "miracle."

To the untutored eye, which mine certainly was, Singapore still seemed firmly under British control. There was a British governor, with all the trappings that involved, and the streets were full of British servicemen. In a park in downtown Singapore, a serious game of cricket was in progress, with white-clad (and white-skinned) players standing out sharply against the well manicured green.

What I didn't know at the time, and what I have only just found out, was that my visit coincided exactly with a vital turning point in the history of Singapore. For on April 2, 1955, the first real popular election in the colony's history took place, one that produced the first elected Singaporean majority in the Legislative Council and the first appointment of a Singaporean chief minister. For a few years longer, ultimate power—over law and order, defense, foreign policy—would remain in British hands, but with the election an irreversible train had been set in motion.

The election was notable for another reason as well: it marked the real beginning of the political career of a young Chinese lawyer named Lee Kuan Yew, and the emergence of his newly formed People's Action Party (PAP) as a political force. In fact, as a result of the election, Lee immediately became the de facto leader of the opposition in the LegCo, facing the first locally born chief minister, the Sephardic Jew (and another lawyer), David Marshall. Within four years, Lee had himself become prime minister.

I now know all this because I have just read Lee Kuan Yew's political memoirs, *The Singapore Story*.[1] As everyone knows, Lee (a.k.a. "Harry" Lee since his time as a pupil in English-speaking schools) does not do things by half. While this volume covers that story only as far as 1965—that is, down to the traumatic break between Singapore and Malaysia—it is 680 pages long. This might well seem excessive for an island that even at low tide measures only 214 square miles (that

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[1](Singapore: Prentice Hall, 1998).

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is, one-fifth the size of Rhode Island), but it is not. Singapore is no ordinary island and Lee Kuan Yew is no ordinary politician—witness the fact that his book comes garlanded with extravagant praise from no less than two American presidents, three secretaries of state, four British prime ministers, two German chancellors, three Australian prime ministers, a French president and a Japanese prime minister. Margaret Thatcher, not known for her close interest in the opinion of others, says that, "In office, I read and analyzed every speech of Harry's", and several others testify to the benefit to be derived from his clear, penetrating disquisitions on the state of the world. Indeed, I remember how my old boss, Prime Minister Malcolm Fraser, used to look forward to his sessions with Lee, and how for weeks afterwards his conversation would be laced with unusually bold and insightful geopolitical dicta.

In his later years Lee has mostly favored big picture analysis, whether of the Cold War or of such things as "globalization" and "Asian values." But in these memoirs he works on a much smaller canvas, giving a minutely detailed account of his own early life and the emergence of Singapore as an independent state. In the course of telling his story, Lee conducts, for those willing to attend closely, a masterclass in the art of politics.

THE background is important. Lee was born in 1923 into a comfortably off, Westernized Chinese family. He belonged to the small minority of Chinese children (about 10 percent) who went to English schools—at which, it goes without saying, he did outstandingly well—and he grew up with no knowledge of either Mandarin or the main Chinese dialects. As the vast majority of Chinese children went to Chinese schools, this was to become a major political handicap for Lee. As a politician he would go through the slow, laborious process of learning Mandarin and Hokkien, bearing the jeers of his opponents as, learning on the job, he initially made speeches strewn with errors.

But that was in the future. The first eighteen years of Harry Lee's life were happy, productive ones lived in a stable, comfortable environment. Then, almost overnight, everything changed. British rule, which had seemed so permanent and impregnable, collapsed with disgraceful ease and the Japanese took over. In the brief interim between the two rules Lee had his first experience of chaos, the disappearance of law and order and widespread looting. If, as a political leader, Lee has always been possessed by a great fear of the fragility of things and has placed great—perhaps too much—emphasis on order, it is reasonable to conclude that one of the main sources of his fear was this experience.

Lee writes that "The three and a half years of Japanese occupation were the most important of my life", and that they taught him more than any university could have. At one level he was appalled at the ruthless brutality of the Japanese, and he has never forgotten it—witness his well-known remark that allowing the Japanese to rearm would be like giving chocolate liqueurs to a reformed alcoholic. But he also learned some hard lessons from the Japanese. He noted that they "governed by spreading fear"—and that it worked. As a result, he says, "I have never believed those who advocate a soft approach to crime and punishment, claiming that punishment does not reduce crime."

But there was also a deeper, harsher and more dubious lesson, one that many of his critics would say Lee learned only too well:

> that Japanese brutality, Japanese guns, Japanese bayonets and swords, and Japanese terror and torture settled the argument as to who was in charge, and could make people change their behavior, even their loyalties. . . . Morality and fairness were irrelevant. They had won.

It would be unjust to say that this lesson was to represent Lee Kuan Yew's own approach to politics in his subsequent career; but it would also be difficult to deny that it was to have a profound influence in shaping that approach.

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In his ruthless application of the logic of power, Lee has gone about as far as it is possible to go in a democracy without sundering the institutional and cultural framework that sustains such a system.

That he has not gone further must be due in part to the next phase of his life—that spent in England, mainly at Cambridge University, studying law in the late 1940s. More important than either Cambridge or the law was the impact that English society made on him. He was enormously impressed by the pride and discipline, the courtesy and politeness of the British people of that generation, observing simply: "It was a very civilized society." And he was especially impressed by the way the Attlee Labour government's far-reaching program of change was put into effect: "A tremendous revolution—economic, social and political—was taking place before my eyes. . . . Yet there was no violent protest from its opponents, no blood in the streets. Only stormy words. . . ." No political experience could have differed more sharply from what Lee Kuan Yew had seen in Singapore in the first half of the decade, and it—together with the seductive lectures of Harold Laski at the London School of Economics—made him a social democrat in the early stages of his political career. As he goes on to say, his later experience in government was to change his mind about the practicality of equality and redistribution as primary political goals, and lead him to recognize the indispensability of enterprise, initiative, excellence and rewards for performance. But if he ceased being a socialist, he was never to surrender the belief that government should play an assertive, controlling role in the ordering of society.

WHEN Lee became a political actor, his stage might have been small but the plot was as complicated as that in any superpower. Singapore was divided ethnically into a large Chinese majority and significant Malay and Indian minorities. The Chinese community itself was divided into the English-speaking minority to which Lee belonged and a Chinese-speaking majority that was further divided into various clans and linguistic groups.

Superimposed on all this was a deep ideological cleavage. A dedicated and efficient communist party held a dominant position in the Chinese community, and it was particularly well entrenched in the Chinese school system, giving it both a readily mobilizable mass base and a steady source of cadres. Given the prestige and powerful magnetic pull of the recently installed communist regime in China, the communist success against the French in neighboring Vietnam, and the serious, long-running communist insurrection immediately to Singapore's north in Malaya, it was only too easy to conclude that the future of Singapore and the region belonged to them.

Lee and his associates were determined to prevent that outcome. For ten years, he and his newly formed People's Action Party played a deadly winner-take-all game with the communists. And, yet, for Lee, a degree of cooperation with the enemy was essential because of their strength in the Chinese community ("I wanted to poach in this pond where the fish had been fed and nurtured by the communists, to use hook and line to catch as many as I could.") At the same time he fully understood that they were using him in the same way to provide them with a cover of respectability. But the fundamental hostility between the two parties was unremitting.

It was not a game for the faint-hearted and it was played with few scruples. For most of the time Lee was in secret touch with both British intelligence and the underground communist leaders who were the superiors of the public figures, his ostensible rivals. On occasion, and with good cause, he feared for his life. Lesser players in the game—those who were neither PAP nor communist—were treated with scant respect, and Lee cynically manipulated them to suit his ends, sometimes content to let them take up the running and enjoy the grandstanding while the

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PAP bided its time.[2]

Indeed, the importance of timing—of giving rivals enough rope to get into trouble (or, often the same thing, to expose their true character), of relating goals to each other in their proper order, of being patient and waiting for the optimal time to pursue an initiative or stage a showdown—is one of the central themes of Lee's story. But however deeply engrossed he became in tactics, and however urgent the immediate issue, he never deviated from his longer strategic purpose. Indeed, more than his insight, more than his skill, what stands out in this protracted struggle is the implacable and abrasive force of Lee Kuan Yew's will.

VITAL AS it was to the future of Singapore, the game against the communists for control of the Chinese community was not the only one that Lee was engaged in during the decade 1955-65. For while the Chinese were in a majority in the city-state, regionally they existed in a sea of Malays, with the Federation of Malaya to the north and a vast and populous Indonesia to the west, east and south. As important and complicated, then, was a second game—the merger game—played between Lee and the Tunku Abdul Rahman, the prime minister of Malaya. Lee was eager for merger because the Malay majority of the mainland would serve to counter the dominance of the pro-communist Chinese majority in Singapore. But for the same reason the Tunku was dubious and reluctant, for what would help solve Lee's problem would only create a new one for him: a Malaysia with a strong component of radical Chinese.

As well as a conflict of interest there were conflicts of culture and personality. The ethos of the Chinese of the PAP (and for that matter of the Singapore Communist Party) was austere, rational, achievement-oriented, modernizing. Malay culture was hierarchical, deferential and characterized by an easygoing cronyism that readily shaded into corruption. (The Malay leaders once tried to seduce Lee's principal colleague, Goh Keng Swee, to their camp by offering him 5,000 acres of prime quality rubber-producing land.) The Tunku—a prince by birth—expected a deference that Lee was incapable of giving, and a restraint that Lee was unwilling to practice. He found Lee's driving, relentless style threatening, while his own talent for prevarication and deflection exasperated the Singaporean.

THAT LEE FINALLY had his way on the merger was largely due to the logic imposed on the situation by yet a third game—that of regional, and indeed global, geopolitics. By the early 1960s, the Indonesian leader, Sukarno, was on a rampage. With his policy of "Konfrontasi", the largest communist party outside the communist bloc, and his proclamation that Indonesia belonged to an axis running down from Pyongyang, through Beijing and Hanoi, to Jakarta, Sukarno was the most militant Third World leader of his time. As such he posed an ethnic threat to the much smaller Malaya and Singapore, a geopolitical threat to Britain and the West, and an ideological threat to all of them. Because of this, by the early 1960s Lee's argument for a Singapore-Malaya merger was receiving both an increasingly sympathetic hearing in Kuala Lumpur and strong British support. Merger came about in September 1963, with the creation of Malaysia, a state that included Sarawak and Sabah on the island of Borneo as well as the

[2]Lee is not a generous man. In these memoirs, he goes out of his way to ridicule and belittle his (now dead) rival, David Marshall, presenting him as little more than a vain and ineffectual fool. For what it is worth, this was not the impression of an older Marshall that I gained in Paris in 1982-83, when as Singapore's ambassador to France he offered shrewd support to those of us who wanted to expose the iniquities of the egregious M'Bow at UNESCO. Vain and theatrical Marshall certainly was (he had orchids flown in regularly from Singapore for his buttonhole), but he was no fool.

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two principal states.[3]

It was not to last. In less than two unhappy years Singapore was cast out of Malaysia, apparently doomed to what most considered at the time an unsustainable independence. The extent of Lee's despair became evident when he broke down and wept in front of television cameras. As to why merger failed, opinions differ. Some would argue that given the combination of conflicting interests, cultures and personalities, failure was inevitable from the beginning. For his part, Lee Kuan Yew lays the blame almost entirely on the failure of the Malay leadership to control and restrain its extreme anti-Chinese wing (a charge that has evoked a furious response from Kuala Lumpur). But even by his own account it seems clear that much of the blame belonged to Lee himself. For some of the qualities that made him a formidable enemy—a relentless pursuit of advantage, a confrontational style, an unempathetic approach that always saw things from his own point of view—also made him an uncongenial and difficult partner. While Lee was prepared to exhibit great patience in his protracted struggle with the communists, in his dealings with the Tunku he was impatient and intrusive in ways that were destructive of his cause—notably in moving quickly to involve the PAP directly and intensively in the politics of Malaya, and thus threatening the Tunku's political base.

In the event, of course, the casting out of Singapore proved to be the beginning of its incredible success in transforming itself into a modern and prosperous economic entity. Desperate circumstances produced radical remedies.

IT IS NOW THREE and a half decades since the story Lee tells in his book ended, and it might reasonably be asked whether these remote happenings in a distant ministate really deserve our attention. I obviously think they do, and these are the reasons why:

First, while Western political leaders—those who have actually wielded power—admire Lee Kuan Yew greatly, many journalists and intellectuals regard him with a special animus. He is presented as a malign presence, not only in Singapore itself but in the wider politics of Asia. Thus, to take a recent example, the influential *New York Times* columnist William Safire chose to mark the appearance of Lee's book with a column titled "The Dictator Speaks."

Now this hostility, and in some cases it has a furious intensity, is interesting. In a world that has no shortage of murderous politicians, Lee has never killed anyone. In a world that is full of corrupt politicians who have plundered the coffers of their countries, Lee has been singularly uncorrupt. In a world where contempt for laws and constitutions has been flagrant, Lee has always taken great care not to transgress legal limits. He may have bent and stretched the law, may have been vindictive and intimidating in its application, but he has stopped short of breaking it. Again, during a period when most leaders of new countries sacrificed the welfare of their people to vainglorious ambition and ideology (when they were not just busy robbing the till), Lee has been outstandingly successful in raising the living standard of his people to heights that seemed impossible when he first assumed office. (Even now, when the whole Southeast Asian region is in bad shape, Singapore is weathering the storm much better than its neighbors.)

As for the matter of political freedom, it should be understood that the British parliamentary system, which is the one adopted by

[3]The British had always treated Malaya and Singapore—hinterland and entrepot—as one entity. Now, though on its way out as an imperial presence, Britain still took its regional role seriously; from the French withdrawal after the disaster of Dien Bien Phu through to the mid-1960s, it, not the United States, was the major Western military presence in Southeast Asia, with a force of 40,000 in place and usually actively engaged.

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Singapore, gives prime ministers enormous power—much more than is enjoyed by American presidents. There is no separation or balancing of powers, no written constitution, no bill of rights. In the political science classes of my youth, professors made the point by describing the system as one of dictatorship tempered by periodic elections, and as long as prime ministers have a comfortable majority and firm control over their party—two essential conditions—that is pretty well the truth. In that sense, it is true that Lee Kuan Yew might be termed a dictator—but then, in that sense so might most British prime ministers.

Lee was certainly authoritarian and often mean-spirited. In my opinion he kept a very tight grip on the political and social life of Singapore for much longer than was either necessary or wise. But if these memoirs do nothing else, they make it possible to understand why he did so. From the brutal Japanese military regime of the 1940s to Konfrontasi and the end of the merger in the 1960s, he learned and practiced his politics in very high-risk and violent circumstances. The possibility of a communist takeover was not a figment of his imagination: already by 1948, eight hundred deaths had occurred as a result of the communist insurrection in Malaya, and the killing went on for another twelve years. Neither was the danger of racial violence something that he imagined: in 1964 thirty-six people were killed and over five hundred injured in race riots in Singapore; five years later hundreds of Chinese were killed and maimed in even larger riots in Kuala Lumpur. During all his early years in politics, Lee lived with the very real threats of assassination and imprisonment hanging over him. (In 1965 British Prime Minister Harold Wilson rated the likelihood of Lee's arrest by the Tunku as so serious that he wrote to his colonial secretary, "Should High Commissioner quietly suggest to Lee he gets lost (goes abroad) for a week or two? We do not want him put inside before PM's conference.") Beyond Singapore and the Malay Peninsula, the region was characterized by sustained disorder, violence, coups d'état and ineffectual governments during Lee's politically formative years. Taken together, these are not the kinds of experiences that are likely to leave a man unmarked; on the contrary, they are likely to cause him to put an extremely high premium on order. (This defense, of course, is not available to the younger generation of Singaporean politicians now in office, who have never known anything but an ordered existence. Their reluctance to loosen control and their timidity about deviating from the Lee Kuan Yew governing manual is much more open to criticism.)

A second and related reason why these memoirs are worth pondering is that they may help clarify the problems associated with the advocacy of an American foreign policy of democratic crusading. If recent experience in nearby Haiti has been insufficient, the spelling out at length of the complexity and delicacy that characterize the politics of even a city-state might help develop a sense of modesty and restraint in pursuit of such an end. It is all a little bit more involved than engaging the National Endowment for Democracy, sending in "teams" to monitor elections—or even sending in the Marines (again, as in Haiti). On the only other occasion on which I have written about Singapore in these pages, I devoted some space to this question, so I shall leave it at that.[4]

But there is another American foreign policy reason for reflecting on Lee Kuan Yew's story. During the ten years of Singaporean political life covered by these memoirs—1955-65—the Americanization of the Vietnam conflict was taking place. When that period started, there were no American troops in Vietnam; when it ended there were nearly 200,000, and the number was still rising rapidly. During part of the same period the British were conducting their campaign to suppress the communist insurrection in Malaya.

[4]See my article, "How Not to 'Export Democracy'", *The National Interest* (Fall 1988).

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Britain succeeded, the United States failed. Speaking to a university audience in New Zealand in March 1965—that is, in the still early stages of U.S. involvement, when failure was considered inconceivable by most commentators—Lee had some prescient things to say on the subject. As he recalls:

> I complimented Britain for having the wisdom to know when it faced an irresistible revolution mounted by communists and by nationalists. Instead of trying to stamp out both, Britain had allowed the nationalists to provide the non-communist leadership. On the other hand, when trying to stamp out communism in South Vietnam, the United States had relied on people like Ngo Dinh Diem, and in eleven years had failed to find a group who could lead the nation. So South Vietnam was going through its death throes and the Americans were in an unenviable position. The South Vietnamese themselves had lost confidence and were opting out of the conflict. This left the Americans with only two alternatives—to increase their military occupation or make a calamitous withdrawal. (By April 1975, ten years later, they had done both.)

Throughout the period, and despite reservations about his personality and political style, the British gave solid behind-the-scenes support to Lee Kuan Yew and made allowances for the compromises he had to make in order to compete with the communists. For its part, the United States gave uncertain support to Diem and then connived in his assassination, while having no credible leader to put in his place. The result was that there was no solid political ground to stand on for the rest of America's stay in Vietnam.

After interminable debate in America, to have presented a view of the Vietnam conflict through the eyes of a superbly intelligent and not unfriendly spectator from within the region is not without its uses, not least in the midst of the Kosovo crisis. The point about friendship is relevant. Throughout the Cold War—which means throughout almost all of his political career—Lee Kuan Yew was the United States' most consistent and effective defender (and communism's most effective enemy) in the forums of the Third World. Completely unintimidated by the anti-Western atmosphere that characterized those gatherings, Lee would make the case for America with an intellectual force that few American spokesmen could match.

It is especially strange, then, that he should have been singled out for so much hostility for human rights transgressions that were comparatively mild, singled out even by American conservatives for whom the Cold War had been of overriding importance. But, then, political memories are usually short, and—at least when something like the presence of oil does not defile the purity of one's moral vision—treating human rights as the overriding issue is always an easy and tempting option. □

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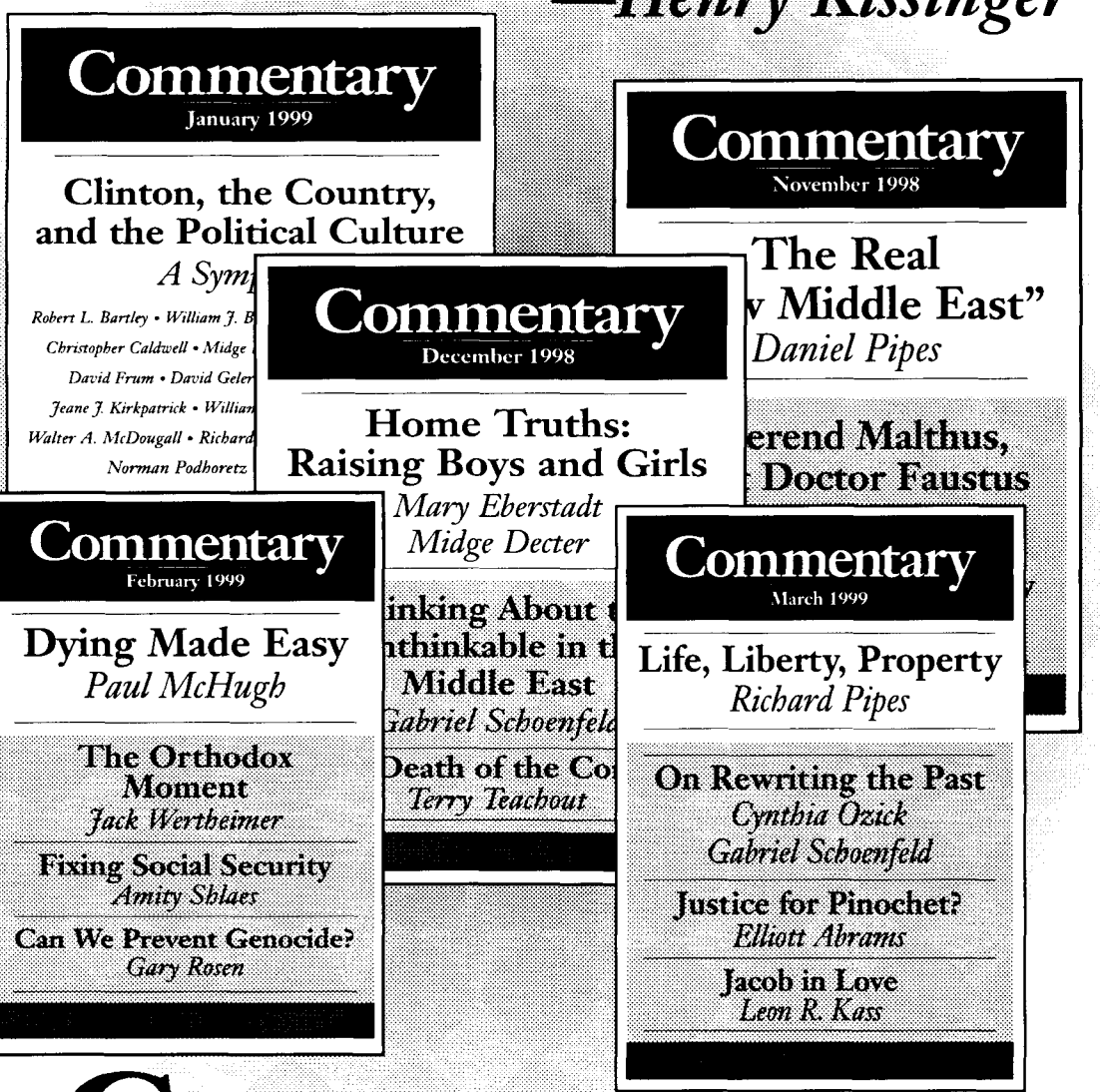
—Henry Kissinger



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